CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

1989-90-91

SECOND SESSION, THIRTY-FOURTH PARLIAMENT

38-39-40 ELIZABETH II

VOLUME I

(April 3, 1989 to December 21, 1989)

Parliament was opened on April 3, 1989

and was prorogued on May 12, 1991

Queen's Printer for Canada, Ottawa

SPEAKER

THE HONOURABLE GUY CHARBONNEAU

LEADER OF THE GOVERNMENT

THE HONOURABLE LOWELL MURRAY, P.C.

LEADER OF THE OPPOSITION

THE HONOURABLE ALLAN J. MACEACHEN, P.C.

OFFICERS OF THE SENATE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS

GORDON L. BARNHART, M.A., P.MGR.

CLERK ASSISTANT OF THE SENATE

RICHARD G. GREENE

LAW CLERK AND PARLIAMENTARY COUNSEL

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

GENTLEMAN USHER OF THE BLACK ROD

COL. JEAN DORÉ, C.D.

THE MINISTRY

According to Precedence

(April 3, 1989)

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

THE MINISTRY

According to Precedence

At Prorogation, May 12, 1991

The Right Hon. Martin Brian Mulroney	Prime Minister
The Right Hon. Charles Joseph Clark	President of the Queen's Privy Council for Canada and Minister Responsible for Constitutional Affairs
The Hon. John Carnell Crosbie	Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency
The Hon. Donald Frank Mazankowski	Deputy Prime Minister and Minister of Finance
The Hon. Elmer MacIntosh MacKay	Minister of Public Works
The Hon. Arthur Jacob Epp	Minister of Energy, Mines and Resources
The Hon. Robert R. de Cotret	Secretary of State of Canada
The Hon. Henry Perrin Beatty	Minister of Communications
The Hon. Michael Holcombe Wilson	Minister of Industry, Science and Technology and Minister for International Trade
The Hon. Harvie Andre	Minister of State and Leader of the Government in the House of Commons
The Hon. Otto John Jelinek	Minister of National Revenue
The Hon. Thomas Edward Siddon	Minister of Indian Affairs and Northern Development
The Hon. Charles James Mayer	Minister of Western Economic Diversification and Minister of State (Grains and Oil seeds)
The Hon. William Hunter McKnight	Minister of Agriculture
The Hon. Benoît Bouchard	Minister of National Health and Welfare
The Hon. Marcel Masse	Minister of National Defence
The Hon. Barbara Jean McDougall	Secretary of State for External Affairs
The Hon. Gerald Stairs Merrithew	Minister of Veterans Affairs
The Hon. Monique Vézina	Minister of State (Employment and Immigration) and Minister of State (Seniors)
The Hon. Frank Oberle	Minister of Forestry
The Hon. Lowell Murray	Leader of the Government in the Senate
The Hon. Paul Wyatt Dick	Minister of Supply and Services
The Hon. Pierre H. Cadieux	Minister of State (Fitness and Amateur Sport) and Minister of State (Youth) and Deputy Leader of the Government in the House of Commons
The Hon. Jean J. Charest	Minister of the Environment
The Hon. Thomas Hockin	Minister of State (Small Businesses and Tourism)
The Hon. Monique Landry	Minister for External Relations and Minister of State (Indian Affairs and Northern Development)
The Hon. Bernard Valcourt	Minister of Employment and Immigration
The Hon. Gerry Weiner	Minister of Multiculturalism and Citizenship
The Hon. Douglas Grinslade Lewis	Solicitor General of Canada
The Hon. Pierre Blais	Minister of Consumer and Corporate Affairs and Minister of State (Agriculture)
The Hon. John Horton McDermid	Minister of State (Finance and Privatization)
The Hon. Shirley Martin	Minister of State (Transport)
The Hon. Mary Collins	Associate Minister of National Defence and Minister Responsible for the Status of Women
The Hon. William Charles Winegard	Minister for Science
The Hon. Kim Campbell	Minister of Justice and Attorney General of Canada
The Hon. Jean Corbeil	Minister of Transport
The Hon. Gilles Loiselle	President of the Treasury Board and Minister of State (Finance)
The Hon. Marcel Danis	Minister of Labour
The Hon. Pauline Browes	Minister of State (Environment)

SENATORS OF CANADA

ACCORDING TO SENIORITY

At Prorogation, May 12, 1991

Senator	Designation	Post Office Address
THE HONOURABLES		
Croll, David A., P.C.	Toronto-Spadina	Toronto, Ont.
Molson, Hartland de Montarville	Alma	Montréal, Qué.
Macdonald, John Michael	Cape Breton	North Sydney, N.S.
Bélisle, Rhéal	Sudbury	Sudbury, Ont.
Phillips, Orville Howard	Prince	Alberton, P.E.I.
Denis, Azellus, P.C.	La Salle	Montréal, Qué.
Lang, Daniel Aiken	South York	Toronto, Ont.
Hastings, Earl Adam	Palliser-Foothills	Calgary, Alta.
Davey, Douglas Keith	York	Toronto, Ont.
Argue, Hazen Robert, P.C.	Regina	Ormiston, Sask.
Everett, Douglas Donald	Fort Rouge	Winnipeg, Man.
Thompson, Andrew Ernest	Dovercourt	Kendal, Ont.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Stanbury, Richard James	York Centre	Toronto, Ont.
Petten, William John	Bonavista	St. John's, Nfld.
Molgat, Gildas L.	Ste-Rose	Winnipeg, Man.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
van Roggen, George Clifford	Vancouver-Point Grey	Vancouver, B.C.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Bonnell, Mark Lorne	Murray River	Murray River, P.E.I.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Neiman, Joan	Peel	Caledon East, Ont.
Perrault, Raymond J., P.C.	North Shore-Burnaby	North Vancouver, B.C.
Riel, Maurice, P.C.	Chaouinigane	Montréal, Qué.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint-Antoine, N.B.
Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
Lucier, Paul	Yukon	Whitehorse, Yukon
Rizzuto, Pietro	Repentigny	Laval-sur-le-Lac, Qué.
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Olson, Horace Andrew, P.C.	Alberta South	Iddesleigh, Alta.
Frith, Royce	County Lanark	Perth, Ont.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Roblin, Duff, P.C.	Red River	Winnipeg, Man.
Haidasz, Stanley, P.C.	Toronto-Parkdale	Toronto, Ont.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Marshall, Jack	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Thériault, L. Norbert	Baie-du-Vin	Baie Ste-Anne, N.B.
Wood, Dalia	Montarville	Montréal, Qué.
Leblanc, Fernand-E.	Saurel	Ville St-Laurent, Qué.
Balfour, Reginald James	Regina	Regina, Sask.
Murray, Lowell, P.C.	Grenville-Carleton	Ottawa, Ont.
Charbonneau, Guy, Speaker	Kennebec	Montréal, Qué.
Tremblay, Arthur	Les Laurentides	Québec, Qué.
Doody, C. William	Harbour Main-Bell Island	St. John's, Nfld.
Macquarrie, Heath	Hillsborough	Victoria, P.E.I.
Nurgitz, Nathan	Winnipeg North	Winnipeg, Man.

ACCORDING TO SENIORITY

Senator	Designation	Post Office Address
THE HONOURABLE		
Stollery, Peter Alan	Bloor and Yonge	Toronto, Ont.
Pitfield, Peter Michael, P.C.	Ottawa-Vanier	Ottawa, Ont.
Kelly, William McDonough	Port Severn	Mississauga, Ont.
Hébert, Jacques	Wellington	Montréal, Qué.
Kolber, Leo	Victoria	Westmount, Qué.
Gigantès, Philippe Deane	De Lorimier	Montréal, Qué.
Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
Kirby, Michael	South Shore	Halifax, N.S.
Grafstein, Jerahmiel	Metro Toronto	Toronto, Ont.
Cools, Anne Clare	Toronto Centre	Toronto, Ont.
Watt, Charles	Inkerman	Kuujjuaq, Qué.
Marsden, Lorna	Toronto-Taddle Creek	Toronto, Ont.
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Hays, Daniel Phillip	Calgary	Calgary, Alta.
Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
Kenny, Colin	Rideau	Ottawa, Ont.
De Bané, Pierre, P.C.	De la Vallière	Montréal, Qué.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	Whycocomagh, N.S.
LeBlanc, Roméo, P.C.	Beauséjour	Grande-Digue, N.B.
Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
Lefebvre, Thomas-Henri	De Lanaudière	Davidson, Qué.
MacDonald, Finlay	Halifax	Halifax, N.S.
Robertson, Brenda Mary	Riverview	Shediac, N.B.
Barootes, Efstathios William	Regina-Qu'Appelle	Regina, Sask.
Doyle, Richard J.	North York	Toronto, Ont.
David, Paul	Bedford	Outremont, Qué.
Simard, Jean-Maurice	Edmunston	Edmunston, N.B.
Cogger, Michel	Lauzon	Knowlton, Qué.
Atkins, Norman K.	Markham	Toronto, Ont.
Cochrane, Ethel	Newfoundland	Port-au-Port, Nfld.
Rossiter, Eileen	Prince Edward Island	Charlottetown, P.E.I.
Spivak, Mira	Manitoba	Winnipeg, Man.
Ottenheimer, Gerald R.	Waterford-Trinity	St. John's, Nfld.
Bolduc, Roch	Golfe	Ste-Foy, Qué.
Chaput-Rolland, Solange	Mille Isles	Saint-Sauveur-des-Monts, Qué
Poitras, Jean-Marie	De Salaberry	Québec, Qué.
Beaudoin, Gérald-A.	Rigaud	Hull, Qué.
Waters, Stanley Charles	Alberta	Calgary, Alta.
Carney, Pat, P.C.	British Columbia	Vancouver, B.C.
Teed, Nancy E.	New Brunswick	Saint John, N.B.
Comeau, Gerald Joseph	Nova Scotia	Church Point, N.S.
Di Nino, Consiglio	Ontario	Downsview, Ont.
Oliver, Donald	Nova Scotia	Dartmouth, N.S.
Sylvain, John	Rougemont	Montréal, Qué.
Kinsella, Noël	New Brunswick	Fredericton, N.B.
Buchanan, John M., P.C.	Nova Scotia	Halifax, N.S.
Castonguay, Claude	Stadacona	Montréal, Qué.
DeWare, Mabel	New Brunswick	Moncton, N.B.
Lynch-Staunton, John	Grandville	Georgeville, Qué.
Kelleher, James, P.C.	Ontario	Sault Ste. Marie, Ont.
Eyton, Trevor	Ontario	Caledon, Ont.

ACCORDING TO SENIORITY

Senator	Designation	Post Office Address
THE HONOURABLE		
Beaulieu, Mario	De la Durantaye	Montréal, Qué.
Twinn, Walter Patrick	Alberta	Slave Lake, Alta.
Senators appointed pursuant to section 26 of the *Constitution Act, 1867*		
Keon, Wilbert Joseph	Ontario	Ottawa, Ont.
Meighen, Michael Arthur	Ontario	Toronto, Ont.
Grimard, Normand	Québec	Noranda, Qué.
Lavoie-Roux, Thérèse	Québec	Montréal, Qué.
Ross, James W.	Maritimes	Fredericton, N.B.
Forrestall, John Michael	Maritimes	Dartmouth, N.S.
Johnson, Janis	Western Provinces	Winnipeg, Man.
Berntson, Eric Arthur	Western Provinces	Saskatoon, Sask.

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

SENATORS OF CANADA

ALPHABETICAL LIST

At Prorogation, May 12, 1991

Senator	Designation	Post Office Address
THE HONOURABLE		
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Argue, Hazen Robert, P.C.	Regina	Ormiston, Sask.
Atkins, Norman K.	Markham	Toronto, Ont.
Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
Balfour, Reginald James	Regina	Regina, Sask.
Barootes, Efstathios William	Regina-Qu'Appelle	Regina, Sask.
Beaudoin, Gérald-A.	Rigaud	Hull, Qué.
Beaulieu, Mario	De la Durantaye	Montréal, Qué.
Bélisle, Rhéal	Sudbury	Sudbury, Ont.
Berntson, Eric Arthur	Western Provinces	Saskatoon, Sask.
Bolduc, Roch	Golfe	Ste-Foy, Qué.
Bonnell, Mark Lorne	Murray River	Murray River, P.E.I.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Buchanan, John M., P.C.	Nova Scotia	Halifax, N.S.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Carney, Pat, P.C.	British Columbia	Vancouver, B.C.
Castonguay, Claude	Stadacona	Montréal, Qué.
Chaput-Rolland, Solange	Mille Isles	Saint-Sauveur-des-Monts, Qué
Charbonneau, Guy, Speaker	Kennebec	Montréal, Qué.
Cochrane Ethel	Newfoundland	Port-au-Port, Nfld.
Cogger, Michel	Lauzon	Knowlton, Qué.
Comeau, Gerald Joseph	Nova Scotia	Church Point, N.S.
Cools, Anne Clare	Toronto Centre	Toronto, Ont.
Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
Croll, David A. P.C.	Toronto-Spadina	Toronto, Ont.
Davey, Douglas Keith	York	Toronto, Ont.
David, Paul	Bedford	Outremont, Qué.
De Bané, Pierre, P.C.	De la Vallière	Montréal, Qué.
Denis, Azellus, P.C.	La Salle	Montréal, Qué.
DeWare, Mabel	New Brunswick	Moncton, N.B.
Di Nino, Consiglio	Ontario	Downsview, Ont.
Doody, C. William	Harbour Main-Bell Island	St. John's, Nfld.
Doyle, Richard J.	North York	Toronto, Ont.
Everett, Douglas Donald	Fort Rouge	Winnipeg, Man.
Eyton, Trevor	Ontario	Caledon, Ont.
Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
Forrestall, John Michael	Maritimes	Dartmouth, N.S.
Frith, Royce	County Lanark	Perth, Ont.
Gigantès, Philippe Deane	De Lorimier	Montréal, Qué.
Grafstein, Jerahmiel	Metro Toronto	Toronto, Ont.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Grimard, Normand	Québec	Noranda, Qué.
Haidasz, Stanley, P.C.	Toronto-Parkdale	Toronto, Ont.
Hastings, Earl Adam	Palliser-Foothills	Calgary, Alta.
Hays, Daniel Phillip	Calgary	Calgary, Alta.
Hébert, Jacques	Wellington	Montréal, Qué.
Johnson, Janis	Western Provinces	Winnipeg, Man.
Kelleher, James, P.C.	Ontario	Sault Ste. Marie, Ont.

Senator	Designation	Post Office Address
THE HONOURABLE		
Kelly, William McDonough	Port Severn	Mississauga, Ont.
Kenny, Colin	Rideau	Ottawa, Ont.
Keon, Wilbert Joseph	Ontario	Ottawa, Ont.
Kinsella, Noël	New Brunswick	Fredericton, N.B.
Kirby, Michael	South Shore	Halifax, N.S.
Kolber, Leo	Victoria	Westmount, Qué.
Lang, Daniel Aiken	South York	Toronto, Ont.
Lavoie-Roux, Thérèse	Québec	Montréal, Qué.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Leblanc, Fernand-E.	Saurel	Ville St-Laurent, Qué.
LeBlanc, Roméo, P.C.	Beauséjour	Grande-Digue, N.B.
Lefebvre, Thomas-Henri	De Lanaudière	Davidson, Qué.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Lucier, Paul	Yukon	Whitehorse, Yukon
Lynch-Staunton, John	Grandville	Georgeville, Qué.
MacDonald, Finlay	Halifax	Halifax, N.S.
Macdonald, John Michael	Cape Breton	North Sydney , N.S.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	Whycocomagh, N.S.
Macquarrie, Heath	Hillsborough	Victoria, P.E.I.
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Marsden, Lorna	Toronto-Taddle Creek	Toronto, Ont.
Marshall, Jack	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
Meighen, Michael Arthur	Ontario	Toronto, Ont.
Molgat, Gildas L.	Ste-Rose	Winnipeg, Man.
Molson, Hartland de Montarville	Alma	Montréal, Qué.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Murray, Lowell, P.C.	Grenville-Carleton	Ottawa, Ont.
Neiman, Joan	Peel	Caledon East, Ont.
Nurgitz, Nathan	Winnipeg North	Winnipeg, Man.
Oliver, Donald	Nova Scotia	Dartmouth, N.S.
Olson, Horace Andrew, P.C.	Alberta South	Iddesleigh, Alta.
Ottenheimer, Gerald R.	Waterford-Trinity	St. John's, Nfld.
Perrault, Raymond J., P.C.	North Shore-Burnaby	North Vancouver, B.C.
Petten, William John	Bonavista	St. John's, Nfld.
Phillips, Orville Howard	Prince	Alberton, P.E.I.
Pitfield, Peter Michael, P.C.	Ottawa-Vanier	Ottawa, Ont.
Poitras, Jean-Marie	De Salaberry	Québec, Qué.
Riel, Maurice, P.C.	Chaouinigane	Montréal, Qué.
Rizzuto, Pietro	Repentigny	Laval-sur-le-Lac, Qué.
Robertson, Brenda Mary	Riverview	Shediac, N.B.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint-Antoine, N.B.
Roblin, Duff, P.C.	Red River	Winnipeg, Man.
Ross, James W.	Maritimes	Fredericton, N.B.
Rossiter, Eileen	Prince Edward Island	Charlottetown, P.E.I.
Simard, Jean-Maurice	Edmunston	Edmunston, N.B.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Spivak, Mira	Manitoba	Winnipeg, Man.
Stanbury, Richard James	York Centre	Toronto, Ont.
Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
Stollery, Peter Alan	Bloor and Yonge	Toronto, Ont.
Sylvain, John	Rougemont	Montréal, Qué.
Teed, Nancy E.	New Brunswick	Saint John, N.B.

Senator	Designation	Post Office Address
THE HONOURABLE		
Thériault, L. Norbert	Baie-du-Vin	Baie Ste-Anne, N.B.
Thompson, Andrew Ernest	Dovercourt	Kendal, Ont.
Tremblay, Arthur	Les Laurentides	Québec, Qué.
Twinn, Walter Patrick	Alberta	Slave Lake, Alta.
van Roggen, George Clifford	Vancouver-Point Grey	Vancouver, B.C.
Walker, David James, P.C.	Toronto	Toronto, Ont.
Waters, Stanley Charles	Alberta	Calgary, Alta.
Watt, Charles	Inkerman	Kuujjuaq, Qué.
Wood, Dalia	Montarville	Montréal, Qué.

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

SENATORS OF CANADA

BY PROVINCE

At Prorogation May 12, 1991

ONTARIO—24

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

	Senator	Designation	Post Office Address
	THE HONOURABLE		
1	Molson, Hartland de Montarville	Alma	Montréal
2	Denis, Azellus, P.C.	La Salle	Montréal
3	Riel, Maurice, P.C.	Chaouinigane	Montréal
4	Rizzuto, Pietro	Repentigny	Laval-sur-le-Lac
5	Wood, Dalia	Montarville	Montréal
6	Leblanc, Fernand-E.	Saurel	Ville St-Laurent
7	Charbonneau, Guy, Speaker	Kennebec	Montréal
8	Tremblay, Arthur	Les Laurentides	Québec
9	Hébert, Jacques	Wellington	Montréal
10	Kolber, Leo	Victoria	Westmount
11	Gigantès, Philippe Deane	De Lorimier	Montréal
12	Watt, Charles	Inkerman	Kuujjuaq
13	De Bané, Pierre, P.C.	De la Vallière	Montréal
14	Lefebvre, Thomas-Henri	De Lanaudière	Davidson
15	David, Paul	Bedford	Outremont
16	Cogger, Michel	Lauzon	Knowlton
17	Bolduc, Roch	Golfe	Ste-Foy
18	Chaput-Rolland, Solange	Mille Isles	Saint-Sauveur-des-Monts
19	Poitras, Jean-Marie	De Salaberry	Québec
20	Beaudoin, Gérald-A.	Rigaud	Hull
21	Sylvain, John	Rougemont	Montréal
22	Castonguay, Claude	Stadacona	Montréal
23	Lynch-Staunton, John	Grandville	Georgeville
24	Beaulieu, Mario	De la Durantaye	Montréal

NOVA SCOTIA—10

	Senator	Designation	Post Office Address
	THE HONOURABLE		
1	Macdonald, John Michael	Cape Breton	North Sydney , N.S.
2	Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
3	Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
4	Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
5	Kirby, Michael	South Shore	Halifax, N.S.
6	MacEachen, Allan Joseph, P.C.	Highlands-Canso	Whycocomagh, N.S.
7	MacDonald, Finlay	Halifax	Halifax, N.S.
8	Comeau, Gerald Joseph	Nova Scotia	Church Point, N.S.
9	Oliver, Donald	Nova Scotia	Dartmouth, N.S.
10	Buchanan, John M., P.C.	Nova Scotia	Halifax, N.S.

NEW BRUNSWICK—10

	THE HONOURABLE		
1	Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint-Antoine, N.B.
2	Thériault, L. Norbert	Baie-du-Vin	Baie Ste-Anne, N.B.
3	LeBlanc, Roméo, P.C.	Beauséjour	Grande-Digue, N.B.
4	Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
5	Robertson, Brenda Mary	Riverview	Shediac, N.B.
6	Simard, Jean-Maurice	Edmunston	Edmunston, N.B.
7	Teed, Nancy E.	New Brunswick	Saint John, N.B.
8	Kinsella, Noël	New Brunswick	Fredericton, N.B.
9	DeWare, Mabel	New Brunswick	Moncton, N.B.
10			

PRINCE EDWARD ISLAND—4

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

SENATORS BY PROVINCE—WESTERN DIVISION

MANITOBA—6

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

BRITISH COLUMBIA—6

	THE HONOURABLE		
1	Lawson, Edward M.	Vancouver	Vancouver, B.C.
2	van Roggen, George Clifford	Vancouver-Point Grey	Vancouver, B.C.
3	Perrault, Raymond J., P.C.	North Shore-Burnaby	North Vancouver, B.C.
4	Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
5	Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
6	Carney, Pat, P.C.	British Columbia	Vancouver, B.C.

SASKATCHEWAN—6

	THE HONOURABLE		
1	Argue, Hazen Robert, P.C.	Regina	Ormiston, Sask.
2	Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
3	Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
4	Balfour, Reginald James	Regina	Regina, Sask.
5	Baroutes, Efstathios William	Regina-Qu'Appelle	Regina, Sask.
6			

ALBERTA—6

	THE HONOURABLE		
1	Hastings, Earl Adam	Palliser-Foothills	Calgary, Alta.
2	Olson, Horace Andrew, P.C.	Alberta South	Iddesleigh, Alta.
3	Hays, Daniel Phillip	Calgary	Calgary, Alta.
4	Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
5	Waters, Stanley Charles	Alberta	Calgary, Alta.
6	Twinn, Walter Patrick	Alberta	Slave Lake, Alta.

NEWFOUNDLAND—6

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

NORTHWEST TERRITORIES—1

	THE HONOURABLE		
1	Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.

YUKON TERRITORY—1

	THE HONOURABLE		
1	Lucier, Paul	Yukon	Whitehorse, Yukon

DIVISIONAL SENATORS

	Senator	Designation	Post Office Address
	THE HONOURABLE		
1.	Keon, Wilbert Joseph	Ontario	Ottawa
2.	Meighen, Michael Arthur	Ontario	Toronto
3.	Grimard, Normand	Québec	Noranda
4.	Lavoie-Roux, Thérèse	Québec	Montréal
5.	Ross, James W.	Maritimes	Fredericton
6.	Forrestall, John Michael	Maritimes	Dartmouth
7.	Johnson, Janis	Western Provinces	Winnipeg
8.	Berntson, Eric Arthur	Western Provinces	Saskatoon

THE SENATE

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Director of Finance	Siroun Aghajanian
Director of Committees	Gary W. O'Brien, M.A.
Editor of Debates and Chief of Reporting Services (English)	Hubert D. Griffith
Editor of Debates and Chief of Reporting Services (French)	Flavien J. Belzile, B.A.
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Associate Parliamentary Librarian	Richard Paré, B.A.,B.L.S.

THE SENATE

Monday, April 3, 1989

THIRTY-FOURTH PARLIAMENT

OPENING OF SECOND SESSION

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

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

Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

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

RIDEAU HALL
OTTAWA
THE SECRETARY TO THE GOVERNOR GENERAL

March 14, 1989

Sir,

I have the honour to inform you that Her Excellency the Governor General will arrive at the Main Entrance of the Parliament Buildings at 2:45 p.m. on Monday, the 3rd day of April, 1989.

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

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

The Honourable
The Speaker of the Senate
Ottawa, Ontario

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

At 3:00 p.m. Her Excellency the Governor General proceeded to the Senate Chamber and took her seat upon the Throne. Her Excellency was pleased to command the attendance of the House of Commons, and, that House being come, with their Speaker, Her Excellency was pleased to open the Second Session of the Thirty-Fourth Parliament of Canada with the following speech:

Ladies and Gentlemen, Honourable Members of the Senate,

Ladies and Gentlemen, Members of the House of Commons:

It is indeed a pleasure to greet you as you resume your duties.

Today, at the outset of this Second Session of Canada's Thirty-fourth Parliament, my government will put forward the objectives and purposes which it will pursue during its second mandate.

My government believes these objectives to be fundamental:

First, to build a strong economy, encouraged by incentive and opportunity, an economy fully competitive among the world's trading nations and one in which all Canadians may share its challenges, risks and rewards;

Second, to preserve Canada's environment, to actively encourage increased public interest and involvement, and to give firm leadership and support to international efforts to overcome the environmental threat to our planet;

Third, to maintain a caring, compassionate society which will be able, through continuing economic prosperity, to meet its obligations and responsibilities to those who are less fortunate and in greatest need; and

Fourth, to foster a confident sense of Canada's cultural and national uniqueness in which Canadians may have a greater sense of their common values and common citizenship.

Finally, as my government renews its commitment to national unity, it believes the ratification of the Meech Lake Accord is indispensable to the further evolution of the Canadian constitution.

With Quebec at the table as a willing participant, future constitutional development—including the important issues of Senate reform, of aboriginal and linguistic rights, of roles and responsibilities in relation to fisheries, and of ways to strengthen the Charter of Rights and Freedoms—will become possible and will be a priority of the government.

A Strong Economy

Since 1984, federal spending on programs has grown less rapidly than inflation and at less than one-third the average rate of the previous four years. In the last four years, the annual government deficit has declined from over eight percent to less than five percent of gross domestic product. This

represents a decline, in absolute terms, of close to ten billion dollars. Over the same period of time, Canadians have enjoyed extraordinarily strong income growth and job creation. Indeed, Canada's economic performance has outpaced virtually all of the world's major industrialized nations.

Today our challenge is to maintain that expansion in a world economic environment that is increasingly subject to inflationary pressures. To meet this challenge and to enjoy the benefits of continued growth and prosperity will require the utmost resolve of the government and the Canadian people.

My government will soon introduce a budget reflecting that resolve.

My ministers believe that continued progress in reducing the deficit is a vital necessity if Canada's economic well-being is to be secured. The legacy of past deficits is a massive debt. Annual interest payments on that debt now consume 31 cents of every dollar of government revenue. These payments are putting pressure on the Government's ability to meet other priorities. In fact, Canada is now borrowing money solely to pay the interest on previous borrowings. In order to reverse this trend, expenditures must be reduced and revenues must cover the cost of government programs.

My government's budget will have as its purpose the continuation of the nation's prosperity.

The strength of the Canadian economy can be ensured only if the government's means and its spending are in better balance. In turn, an expanding economy is the only way to maintain the social programs which Canadians cherish. Only by positive measures designed to reduce the burden of the debt can Canadians avoid a repetition of the excessive unemployment and inflation rates of the early 1980s.

My government is convinced that the Canadian people will endorse our efforts to control federal spending in order to maintain economic stability and continued growth.

Tax reform is also critical to sustain the prosperity that is so vitally necessary to ensure the high standards of services Canadians expect from their government. The current federal sales tax is inefficient and inequitable. It is costing Canadians jobs.

It will be replaced with a fairer sales tax that will ensure the Canadian economy is fully competitive and that will maintain a stable source of revenues to finance essential programs. Extensive consultations have been undertaken by my government both with the provinces and the private sector. These consultations will help ensure that sales tax reform is implemented in a fair and effective way.

Preparing Canada's Future

Canadians have made it evident that they are confident of their abilities to compete successfully in the international economy of a widening world.

As a mature and confident people, they know Canada's economy cannot prosper behind tariff walls and in restricted markets. They prefer to support the cause of liberalized trade throughout the world. My government is continuing the process of implementing the Free Trade Agreement with Canada's principal trading partner, the United States. Multilateral trade negotiations through the Uruguay round of GATT are also a high priority. As well, the federal government will continue to work with provincial governments in reducing interprovincial trade barriers which create distortions and inequities in Canada's economic development.

Outward-looking trade policies will be necessary for Canada if it is to be competitive in the world. Many industrialized countries—notably in Western Europe—are forming larger trading alliances so that their industries may benefit from access to larger markets. Business firms are creating world-scale plants as a means of realizing the opportunities which flow from liberalized trade.

With the development of cost-efficient manufacturing in the newly industrialized economies of Asia—and more competitive resource development in the Third World—major new factors are emerging in the international market place. No nation can remain indifferent to, or aloof from, these economic realities.

Canadians in every occupation want to ensure a secure future for themselves and their families in the face of these rapidly emerging economic forces. While they recognize the challenge which confronts them, Canadians also have a confident view of the opportunities which await them.

My government is providing programs to assist small and medium-sized business to develop export opportunities that are emerging as a result of the Free Trade Agreement. The federal government is also placing greater emphasis on the Asia/Pacific region as well as on Europe.

My government's purpose is to ensure that the benefits of liberalized trade and economic expansion are shared fairly by all Canadians.

The National Advisory Board on Science and Technology, composed of members from the scientific and technical communities from all parts of the country, has established a continuing dialogue between Canada's scientific leadership and the federal government. The Board has made a number of important policy recommendations. These include a network of centres of excellence and programs for the development of strategic technologies such as biotechnology, advanced industrial materials, and information technology. These recommendations are now being acted upon, and my government will provide direction and leadership in this vital area of Canada's national life.

The new federal approach to regional development is working. Decentralized decision making, through the regional agencies in Western Canada, Northern Ontario, and Atlantic Canada, has been instrumental in stimulating both entrepreneurial endeavor and business investment. Funding for regional development in Quebec and for these agencies will be continued, and government procurement policies will become increasingly responsive to regional considerations.

My government is concerned that our native peoples participate fully in Canada's economic development prospects and, to this end, will be extending its programs to assist native economic development.

The government will continue other economic initiatives of its first mandate, including:

- further privatization of those Crown corporations which no longer serve a public policy role; and
- passage of business framework legislation which will contribute to the smooth functioning of a modern economy, including the reform of laws dealing with bankruptcy and the regulation of financial institutions.

These initiatives will serve to build a modern, competitive, market-oriented economy.

Jobs for Canadians

Greater competition in our largest trading markets, a diminishing reliance on traditional industries, the rapid growth of the service sector and more sophisticated technology—all these indicate the need for a comprehensive human resource strategy for the 1990s.

If Canada is to meet these new standards and compete in this changing world situation, it must rely upon the skills and resourcefulness of the Canadian people. It must make full participants of disabled persons and visible minorities. It is imperative that literacy initiatives, education, training and retraining for Canada's work force, especially our youth, reflect the requirements of a modern economy.

Expanded labour-force programs to encourage continual upgrading of skills will be an important focus of my government's response to the report of the Advisory Council on Adjustment. Extensive discussions will be initiated with labour, industry, the provinces and other interested parties in order to encourage their participation in this vital process.

My government will propose amendments to the Unemployment Insurance Program in order to improve the Program's effectiveness and its fairness. These changes will direct more resources toward active training which, together with improved identification of marketable job skills, will promote greater opportunities and a more productive and rewarding experience in the work force.

At the same time, this program will continue to recognize the special circumstances in regions with historically high levels of unemployment.

It is also my government's intention to restructure unemployment insurance benefits in order to eliminate inconsistencies with Canada's Charter of Rights and Freedoms, to create greater incentives to employment, and to ensure that the resources available are used more effectively to generate greater labour market opportunities.

The increasing participation of women in the work force underlines the need for initiatives that promote equality of opportunity in Canada's economic life. The report of the Task Force on Barriers to the Employment and Promotion of Women in the Public Service will give my government—as the largest employer in the country—further opportunity to remove or reduce the difficulties that many women still find impede their working careers.

The Environmental Imperative

Canadians possess a unique sense of their relationship to the land, whose rich, vast diversity has shaped their values and experience.

Throughout the regions and across all linguistic and ethnic communities, there is a shared concern that we protect our environment for generations of future Canadians.

The world itself is facing an environmental challenge of unprecedented magnitude. Recognizing this, my government has strongly supported the Brundtland World Commission on Environment and Development and its call for "sustainable development"—which holds that the state of the world's environment, the strength of the global economy and the health of the earth's inhabitants are inextricably linked.

My government will participate in the establishment of a centre for the international promotion of sustainable development, to be located in Winnipeg.

As well, the National Round Table on the Environment and the Economy has been established to provide leadership and to form new partnerships of effort among Canadians, in order to deal more effectively with environmental concerns and their relationship to the challenges of economic growth. The government has also altered its operational practices and enlarged the responsibilities of the Minister of the Environment to ensure that environmental issues are fully considered in the course of its decision making.

These initiatives are part of a new environmental agenda which will also include the commitment to:

- limit the environmental impact of toxic chemicals through the development of regulations for the Canadian Environmental Protection Act;
- improve the quality of our water, through new legislation;
- protect the environmental integrity of our arctic regions; and
- improve the quality of the atmosphere through the negotiation of an acid rain accord with the United States, the implementation of the Ozone Protocol signed in Montreal in 1987, and the pursuit of further international efforts to control toxic emissions and to stimulate the evolution of international institutions in environmental matters.

In order to promote the restoration and enhancement of the environment, my government will proceed with initiatives to clean up the Great Lakes and St. Lawrence River and, together with the provinces, to further the process of cleaning up dangerous land sites.

Furthermore, my government will continue to encourage the expansion of Canada's environmental industry and, through

sound scientific research, will continue to encourage the development and adoption of clean and efficient production processes. Technology, services, and environmentally friendly products are the key components of this industry. And the opportunities for domestic application and international export of equipment, knowledge and goods are considerable.

Individual Canadians will be encouraged to become more aware of environmental matters with the establishment of the Environmental Partners Fund. This fund will assist them in actively enhancing their environment by initiatives promoting the production and consumption of environmentally sound products, and with programs to encourage recycling.

Legislation will also be introduced to ensure an appropriate environmental assessment review process.

A Caring Nation

Canada's social policies touch the lives of all Canadians. These programs and services give shape and substance to the special quality of Canadian life. And they reflect the distinctive values that give to the Canadian people their sense of uniqueness.

In responding to future challenges and needs, Canada's social goals and programs will continue to be determined in Canada and by Canadians, in conformity and harmony with values they have historically nurtured.

My government believes fundamentally in those social benefits which support the family and the elderly, while recognizing the need to direct more assistance toward those with low incomes.

The government remains committed to a national child care program.

My government will continue its initiatives to reduce violence in the family and the abuse of children. It will renew its fight against AIDS and drug abuse. It will encourage research into diseases associated with aging, so destructive of human dignity and family life.

My government will introduce further legislation to reform Canada's legal system and sentencing practices. This will require a review of the current Young Offenders Act in order to ensure that it better protects the rights of society, while advancing the rehabilitation of young offenders.

My government is considering the implications of the latest jurisprudence of the Supreme Court of Canada on the subject of abortion, so as to carefully weigh the appropriate course of action in relation to this sensitive matter.

Advances in medical and biological science have created in Canada, as in other countries, a variety of new reproductive technologies: artificial insemination, in vitro fertilization, embryo transfer and surrogate parenting. There is concern that these scientific advances will outpace our ability to deal with their moral, ethical, legal and social implications. My government will therefore mandate a royal commission to inquire into the implications of new reproductive technologies for Canadian society.

Canada's International Role

Canadians are, by vocation, world citizens. They helped form the United Nations, and are among its most creative and consistent supporters. Forty years ago this week, Canada played a pivotal role in the creation of the North Atlantic Treaty Organization. Canada retains that active commitment to freedom and to Europe. Canada is active in the Commonwealth, la Francophonie, the Economic Summit, GATT, and in other initiatives to improve the standards and security of the international community.

Canadians prize freedom and tolerance at home, and pursue those values in the world.

My government will continue to take a strong stand in defence of human rights. It will continue to be among the leaders in peacekeeping, in international development, in strengthening international organizations, and in relieving the devastation of famine or of natural disaster. It will apply firmly and fairly the new legislation on refugees, and will expand overall immigration levels.

We are a northern nation, proud of our arctic frontier, and determined to work with our northern allies and neighbours to develop a new co-operative ethic in the Arctic.

Canada is the immediate neighbour of both superpowers, and my government will apply Canada's influence to increase understanding and co-operation between East and West. The government will continue its support of progress toward the reduction and control of arms, and will continue to help resolve regional disputes.

Modern economic, social and environmental realities draw the world together dramatically. In these new circumstances, Canada has special contributions to make, and legitimate interests to advance and defend.

Canada's efficient agricultural producers cannot compete fairly in a world in which trade-distorting subsidies wreak havoc with market disciplines, while bringing undue pressure to bear on the nation's treasury.

Canadians who fish for a living find their catches reduced by predatory over-fishing outside the 200-mile limit, where Canadian regulations cannot be enforced. My government will intensify its international efforts to put an end to these practices.

Canada's National Identity

Canadians define who they are—as a people—by what they have done.

Today, Canada stands as one of the most dynamic, peaceful and promising nations in the world. This has been achieved by a people who have placed the highest priority on the need for tolerance, compassion and fairness. Canadian society cares about the quality of its national life, its health, education, human welfare and environment. Canadian values, formed and developed by Canadians, have produced a unique national identity of which Canadians are justifiably proud.

This has been the exceptional achievement of little more than a century of history. The people of Canada, therefore, have cause for celebration. My government has invited the participation of all the provinces and territories in planning Canada's 125th birthday in 1992.

The same year will mark the 350th anniversary of the founding of Montreal.

Canadians are justifiably proud of their cultural industries—distinctive, creative and increasingly recognized worldwide. My government will continue its commitment to the growth and development of Canada's cultural life, to this nation's linguistic duality, and to its rich and diverse multicultural heritage. It will improve the distribution of Canada's cultural products in broadcasting, film and video. It will propose legislation to further improve the laws on copyright.

My government will introduce a revitalized citizenship act. Legislation will be introduced to establish a Canadian race relations foundation. By this initiative, my government intends to emphasize the need for all Canadians to support and encourage racial harmony.

The state and condition of Canada's political institutions, which represent the bulwark of our democracy, require constant interest and concern. My government will build upon the recent achievements in the field of parliamentary reform. You will be asked to legislate new conflict-of-interest standards for parliamentarians.

My government will appoint a commission of inquiry to make recommendations for needed changes and reforms to the electoral laws.

Conclusion

During the remaining years leading to the 21st century, challenge and opportunity alike will become a familiar part of the daily life of the people of Canada. The challenge will be to the nation's strength of purpose, to its will to persist and to prosper, to its resolve to be worthy of its special heritage and history, and to its determination to promote economic development in a manner consistent with a safe and wholesome environment.

As a strong, skilled and confident people, Canadians will find a greater place in world commerce and trade, in technological innovation, and in scientific development and discovery. The first task for my ministers will be to help prepare the way for this viable and dynamic Canada.

My government's priorities are firm, and its determination to pursue the plan started four years ago is unflinching. My government's task is to be ready for the challenges ahead as Canadians move toward a new century.

Ladies and Gentlemen, Honourable Members of the Senate,

Ladies and Gentlemen, Members of the House of Commons:

May Divine Providence guide your deliberations.

The House of Commons withdrew.

Her Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

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

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION AT NEXT SITTING

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

Hon. Senators: Dispense.

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

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

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

Motion agreed to.

COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

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

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

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

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

> That pursuant to Rule 66(1), the Honourable Senators Corbin, Denis, Doody, Frith, Lewis, Macdonald (*Cape*

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

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, April 4, 1989

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

Prayers.

[*Translation*]

GENTLEMAN USHER OF THE BLACK ROD

APPOINTMENT OF RENÉ GUTKNECHT, ESQUIRE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received a certified copy of Order in Council P.C. 1989-366, dated March 6, 1989, appointing René Gutknecht Gentleman Usher of the Black Rod, effective March 20, 1989.

[*English*]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should like to take this opportunity to welcome Lieutenant-General Gutknecht to our chamber. He has had a long and illustrious career of service to his country, and we are indeed pleased to see him join us. I was impressed with his activities yesterday; he looked very much the model of a Senatorial Black Rod.

We are very pleased, sir, and hope you have a long and happy career with us here.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on behalf of our side I wish to join Senator Doody in what he has said and to tell our new Black Rod that, as Senator Doody mentioned, we were impressed by—in fact, I would say very proud of—his performance yesterday. It was appropriate that he came to us at a time when Parliament was opening and had a chance to "bite the bullet" on his first day. He did so very well indeed that no one would have known that he had not been at the job for at least a decade.

Hon. Senators: Hear, hear!

[*Translation*]

THE LATE HONOURABLE DONALD CAMERON

TRIBUTES

Hon. Jacques Flynn: Honourable senators, I believe it is appropriate to put on the record of this chamber the sorrow that all honourable senators felt on learning of the death on February 14 of our former colleague, Senator Donald Cameron.

When Senator Cameron retired in October 1987, we then had the opportunity to pay tribute to his brilliant career in teaching and politics. Thus, there is no need to repeat here what we said at that time.

I only want to say again that the turning point in the teaching career of Senator Cameron is certainly the Banff School of Fine Arts and that here in the Senate, he made a very special contribution in the areas of teaching, obviously, of transportation and also of western Canada's economy. He was a champion of the solution to western Canada's economic problems.

I would extend to his daughter the condolences of the group sitting on the Speaker's right; we no doubt share exactly the same feelings of all those seated in this Chamber.

[*English*]

Hon. Earl A. Hastings: Honourable senators, on behalf of his colleagues on this side of the house I should like to join the Honourable Senator Flynn in paying tribute to the memory of Senator Donald Cameron, who died at Calgary on February 14 last. As Senator Flynn has indicated, we paid tribute to Senator Cameron's service to Alberta, to Canada and to this Senate on the occasion of his retirement in 1987. I think I can do no better today than to place on the record of this house the views of Mr. Bill Gold of the *Calgary Herald*, who on the occasion of our colleague's death wrote the following:

> When Donald Cameron is buried in Banff this afternoon Alberta will be saying goodbye to one of its most creative people and a major figure in provincial history.
>
> He was nearly 88 years old when he died a few days ago, but Cameron was one of the most truly modern men ever to toil in our midst, and we profited mightily from his presence and the work he did.
>
> To a great extent, the Banff Centre *is* Donald Cameron. Younger people who thought of him mainly as an aging senator until his retirement a few months ago were wrong.
>
> They weren't around during the 30-odd years when he almost single-handedly created the centre and ran the place. Those efforts set the stage for the eclectic institution of today, and an international reputation in fields as diverse as television programming, fine arts production, and the techniques of advanced business/government management.
>
> His legacy is enormous.

Honourable senators, there has been placed in the Banff School of Fine Arts a suitable memorial to Donald Cameron, B.Sc., M.Sc., LL. D.

> His motto, "Make no small plans: they hold not magic to stir men's blood", shaped his own pioneer work in developing the Banff Centre into a national and interna-

tional institution and it continues as an inspiration to the many artists and administrators who carry on his work.

With those words, honourable senators, I pay tribute to a son of Alberta who has left our midst.

Hon. Senators: Hear, hear!

POVERTY IN CANADA

SENATE REPORT ON POVERTY—POVERTY LINE UPDATE, 1987 TABLED

Hon. David A. Croll: Honourable senators, I wish to table the Seventeenth Senate Report on Poverty entitled: "Poverty Line Update—1987".

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Document tabled.

THE SENATE

DR. GARY O'BRIEN, DIRECTOR OF COMMITTEES—FELICITATIONS ON CONFERRAL OF Ph.D.

Hon. Royce Frith (Deputy Leader of the Opposition): I should like to advise honourable senators of an event in which I know we will all rejoice. On March 9 Gary O'Brien, the Director of Senate Committees, was successful in his Ph.D. examinations at Carleton University. His major fields of study were Canadian government and political theory. His doctoral thesis was Pre-Confederation Parliamentary Procedure, 1792-1866. His supervisor was an old friend and classmate of mine at the University of Toronto, Professor Kenneth D. McRae of Carleton University. I hope honourable senators will permit me to express on their behalf our congratulations to Dr. O'Brien.

Hon. Senators: Hear, hear!

AIR CANADA

EFFECTS OF WITHDRAWAL OF SERVICE FROM STEPHENVILLE, NEWFOUNDLAND—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, April 6, 1989, I will call the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the town of Stephenville, in the province of Newfoundland, effective June 17, 1989.

[*Translation*]

DEMOGRAPHIC EVOLUTION IN CANADA

CAUSES AND CONSEQUENCES—NOTICE OF INQUIRY

Hon. Paul David: Honourable senators, I give notice that on Tuesday next, April 11, 1989, I will call the attention of the Senate to a research study on demographic evolution in Canada, its causes and consequences.

[Senator Hastings.]

[*English*]

NATIONAL DEFENCE

APPOINTMENT OF SPECIAL COMMITTEE—NOTICE OF MOTION

Hon. Henry D. Hicks: Honourable senators, I give notice that on Wednesday next, April 5, 1989, I will move:

That a Special Committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including Mobile Command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

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

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

That the Committee report to the Senate no later than 30 June, 1989.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—TERMINATION OF DEBATE ON EIGHTH SITTING DAY

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

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

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

Some Hon. Senators: Agreed.

Hon. Henry D. Hicks: Honourable senators, I should tender my apologies to the Deputy Leader of the Government for rushing in ahead of him, before his motion relating to the Address in reply to the Speech from the Throne.

Senator Doody: It was not the order of precedence I was concerned about; it was the subject matter that I was attempting to absorb.

Motion agreed to.

QUESTION PERIOD

FISHERIES

CANADA-FRANCE NEGOTIATIONS—TERMS OF AGREEMENT—NORTHERN COD—TERMS OF ALLOCATION TO FRANCE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a "caring" question for the Leader of the Government under the rubric of the caring nation. That is one of his literary inventions, no doubt.

As honourable senators know, this chamber has been greatly interested in the Canada-France fisheries negotiations, and I understand that a settlement has now been reached. I have one or two questions to ask the Leader of the Government today, and I should like possibly to ask further questions after I look at the settlement itself and the notes that have been exchanged between the governments of Canada and France. Can the Leader of the Government give us a copy of the settlement that has been reached and tell us whether that settlement is identical with the notes that we are advised have been exchanged between Canada and France, or are these separate documents?

• (1410)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, to be more precise, there has been an agreement which will allow the matter to go to arbitration by an international tribunal. I shall have to inquire whether there is available the kind of documentation the honourable senator is looking for, such as notes between Canada and France. I do not have those with me today in any case.

Senator MacEachen: Honourable senators, I understand there has been a settlement on interim quotas between the two countries. It is true that the arbitration of the boundaries is to take place within the period of three years, but there are interim quotas now established. The press release does not mention the amount of the quota of northern cod allocated to France. Can the minister tell us the tonnage of northern cod, which for the first time ever has been allocated to France as a separate allocation, and whether that allocation expires at the end of the three-year arbitration period, or is it an indefinite allocation that will continue on into the future after the boundaries have been set?

Senator Murray: Honourable senators, I will try to obtain that information from my colleague and convey it to the Senate tomorrow.

CANADA-FRANCE NEGOTIATIONS—LENGTH OF ARBITRATION—CANADIAN MEMBERS OF TRIBUNAL

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, there is one other thing. I note that five presumably eminent judges have been appointed to undertake the arbitration. Can the minister tell us why such a long period is set aside for the arbitration, namely, three years, in view of the urgency that is associated with the settlement of the boundaries? Presumably, a settlement will increase Canadian jurisdiction over the disputed zone and permit Canada to regulate the current overfishing in that zone. Why was it decided to take such a leisurely pace in reaching a conclusion to a matter which is of urgent importance, particularly in Newfoundland? That is my first point, and maybe the minister will want to take that as notice.

Secondly, can the minister tell us—maybe by way of tabling their *curricula vitae*—who these persons are who are entrusted with this important Canadian interest? We know that Mr. Gotlieb is a member of the tribunal. I certainly think that he is well qualified and will speak skilfully on behalf of Canada, but I do not have any information on the backgrounds of the others. Could the minister give us some information on that?

Senator Frith: Simon Reisman is between engagements!

Senator Marshall: He started a war!

ELIMINATION OF PREDATORY OVER-FISHING—GOVERNMENT EFFORTS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, concerning the fisheries, and having given these questions as notice to the minister, I wish to raise another point in the Speech from the Throne that attracted my attention. It is found under the heading of "Canada's International Role". In fact, the only definite point made in that full page referred to over-fishing outside the 200-mile limit where Canada's regulations no longer apply. I was gratified to note that the government will intensify its international efforts to put an end to all of these practices. However, I wonder what international efforts the government is referring to. Is Canada now seeking international agreement to extend the 200-mile limit, as was done pursuant to the Law of the Sea? In other words, what are these efforts that the government will now intensify? Perhaps the Leader of the Government can give us some information tomorrow.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I will be glad to do that, honourable senators.

AGRICULTURE

GATT NEGOTIATIONS—INTERNATIONAL GRAIN SUBSIDIES—GOVERNMENT POSITION, ROLE AND ACTION

Hon. H.A. Olson: Honourable senators, I should like to ask the Honourable Leader of the Government in the Senate if he can help the farmers in the part of Canada I represent to deal with, or at least to understand, one of the most important issues that they are facing today—namely, some stability and perhaps some strengthening of the price of grain, inasmuch as those same farmers are about to plant their 1989 crop.

I would draw to the attention of the Leader of the Government that I did raise this matter back in December. At that time there had been a meeting of the GATT in Montreal to discuss the question of agriculture and the price of grain in an attempt to reach some agreement so that the United States

and the European Economic Community could cease their so-called subsidy war that was constantly keeping the international price of wheat, in particular, severely depressed. It is my information that, since an agreement could not be reached in Montreal, the matter was in fact deferred until April, when a meeting was to be held in Geneva.

Honourable senators, it is now April and we are still unaware of what the Canadian position is in this respect. I know the minister cannot speak for Europe or for the United States. However, in the past Canada has played a very important role in finding some common ground so that our own producers do not suffer the economic hardship and depression that, in fact, we have gone through for the past three or four years while these two economic units have been fighting their subsidy war.

I would point out to the Leader of the Government in the Senate that the important part of my comment is that now, some three or four months after that initial meeting in Montreal, we are still unaware of what the Canadian government's position will be in these negotiations. I see that the Leader of the Government is shaking his head. I would advise him that the Canadian delegation is presently in Geneva and is, in fact, taking part in the discussions that are going on.

As I said, in the past Canada has played a very important role as an honest and influential broker in these kinds of disputes. Perhaps the Leader of the Government in the Senate could advise us today whether or not the Canadian delegation is undertaking such a role, since this matter is of extreme importance to a large part of western Canada. If he is unable to do so, perhaps he could find out from the minister directly responsible what Canada's position and action will be on this important matter.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the fact that the subject matter is on the GATT agenda at all is largely due to the efforts of Canada, since Canada's Prime Minister also succeeded in putting the question of agricultural subsidies on the agenda for the meeting of heads of government some months ago. Canada has also been very active in the Cairns Group, as the honourable senator knows, in attempting to work towards solutions to these very complex problems.

As the honourable senator has indicated, meetings have now been resumed under the auspices of the GATT in Geneva. I have been informed that some proposals have been put on the table by Mr. Dunkel, who is, I believe, the Secretary General of GATT. These proposals are now being discussed, but I cannot report at the moment that there has been any further progress. We do know that failure to make headway on the question of agricultural subsidies—as, indeed, is the case with textiles and intellectual property rights—would seriously compromise this whole GATT round, if not derail it altogether. So, not merely from the point of view of an agricultural producing nation but as a trading nation we have a very large stake in achieving some solution. I assure the honourable senator that Canada continues to provide leadership on this subject in the GATT and in other international fora.

[Senator Olson.]

• (1420)

Senator Olson: Honourable senators, I have a supplementary question. Mr. Yeutter, as the then chief negotiator for the United States, but who has since been appointed Secretary of Agriculture in the new Bush Administration, is reported to have said in Montreal that, unless Europe agreed to eliminate all agricultural subsidies by the end of the 1990s, they were not willing to negotiate anything else and, particularly, they were not willing to negotiate any change in the grain export subsidies. As yet we have not heard from Canada or the Canadian delegation as to whether or not they considered that demand to be reasonable or unreasonable. I happen to believe that in terms of getting a commitment from Europe the demand was so unreasonable that they knew very well that there would be no movement whatever. However, we have still not heard from Canada as to what position we are taking on the demands that were made at the meeting in Montreal.

Senator Murray: Honourable senators, whether the demand was reasonable or unreasonable, it moved nowhere.

Senator Olson: That is right, and that means it was unreasonable!

Senator Murray: So that is the end of it. Possibilities are now being discussed at the GATT, and I suppose one of the possibilities would be a freeze on present subsidies followed by, or as an alternative, a "phase-down" in agricultural subsidies. I do not think that this is the kind of subject on which I can usefully extemporize at this time. There is a range of options now on the table before the delegates at the GATT meetings in Geneva, and I am sure the honourable senator shares the hope of the government that we will make some headway on this matter in the next little while.

Senator Olson: Honourable senators, I have a supplementary question. That is exactly what we want to know. The producers in this country have a right to know what those options are. The minister has just said that there is a range of options on the table. Will the minister give an undertaking to bring to the Senate an articulation of those options so that the producers, who, as I said, are so vitally and profoundly concerned with this matter, will know what they are?

Senator Murray: Honourable senators, I shall ask my colleagues to convey to me, so that I may convey to the honourable senator and to the Senate, all the information that can properly be made public on this matter at this time.

CANADA-UNITED STATES FREE TRADE AGREEMENT

RESULTANT JOB LOSSES IN CANADA—REQUEST FOR COMPARATIVE U.S. STATISTICS

Hon. Raymond J. Perrault: Honourable senators, during the last election campaign the Prime Minister of Canada toured this nation and assured Canadians that there would be magnificent results ensuing from the trade arrangement made between Canada and the United States. We were assured that there would be a vast increase in the number of jobs. The

Prime Minister issued caution, however, that there would be "adjustments" on both sides of the line, saying that that is "normal and understandable". I would like to read to the Senate today the list of Canadian "adjustments" made to this point. I will then ask the Leader of the Government—and I will give him advance notice of this—to provide us with a comparable list of American "adjustments" south of the border.

I want to put this squarely on the record: The government undertook to protect the workers of Canada against the adverse effects of this trade arrangement. And Liberal members in the Senate and the House of Commons pledged that they would monitor the effects of the trade deal.

I see the Leader of the Government hastily going through some notes which he has been sent by Statistics Canada. I understand that. He almost seems to be in a state of panic. Well, there are many workers in this country as well who are in a state of panic. Up to this time an estimated 25,000 Canadians have lost their jobs because of this trade deal.

The list of jobs lost or pending since the election is as follows:

Gillette, Montreal, November, 590 jobs;—

Senator Flynn: Have you given Notice of Inquiry?

Senator Perrault: You are so desperately afraid of the facts, Senator Flynn. You have not changed in 20 years. "Don't confuse me. My mind's made up!" is the Flynn family motto.

Gillette of Montreal said, "We felt it more appropriate to make the announcement after the election because we felt it might have affected the election result." They were darned right that it would have affected the election result.

The list goes on:

Jarman Inc., Lachine, Quebec, 50 jobs;

Ortho Diagnostic Systems, North York, November, 16 jobs;

Pittsburgh Paints, Toronto, November, 139 jobs;

Northern Telecom, Aylmer and Belleville, December, 875 jobs;—

Some Hon. Senators: Shame!

Senator Perrault: The list continues:

Chrysler Canada, Ajax, Ontario, 430 jobs;

Bell Northern Research, Toronto and Ottawa, 58 jobs;

Canadian Imperial Bank of Commerce, 1,000 jobs;

Taurus Shoes of Contrecoeur, Quebec, January, 100 jobs;

Canadian Tire Corp., January, 335 jobs;

Council of Furniture Manufacturers, 3,500 lost jobs over the next five years are projected;

Allergan Pharmaceuticals, Montreal, January, 62 jobs;

Honourable senators will remember the pharmaceutical companies who appeared before the Senate committee and said, "If you give us this deal on patent protection, we will move heaven and earth to bring more research to Canada. We will set up research facilities in Ontario and Quebec." Now we have one of the major pharmaceutical companies saying, "Sixty-two jobs are lost, boys. That is the trade deal for you. There have to be adjustments."

The list goes on:

Kraft, Montreal, 290 jobs;

Trion Canada, Kitchener, 25 jobs;

Northern Telecom Electronics Ltd., Nepean, Ontario, 60 jobs;

Steven's Control System, Renfrew, Ontario, 49 jobs;

Storwal International, Pembroke, Ontario, 100 jobs;

CNR, Fort Erie, Ontario, 124 jobs;

Warnaco, Montreal, 140 jobs;

Dominion Textile, Sherbrooke and Beauharnois, February, 425 jobs;

Celanese Canada, Millhaven, Ontario, February, 108 jobs;

Inglis, Toronto, Whitby and Cambridge, Ontario and Montmorency, Quebec, 870 jobs.

Senator Haidasz: Shame!

Senator Perrault: Think of it! Some of the newly unemployed may have even voted Conservative out of some sort of misunderstanding about what the Prime Minister had in mind for them.

The list continues:

Albright and Wilson Americas Inc., Long Harbour, Newfoundland, 290 jobs—and I am sure the senators from Newfoundland know about this;

Warner-Lambert, Brockville, Ontario, 35 jobs;

Alcan Canada Inc., Mississauga, Ontario, 35 jobs;

Ivaco Inc., Dunnville and Ingersoll, Ontario, 350 jobs;

Sysco Steel of Nova Scotia, 160 jobs, and that figure could go to 700 or 800;

Kelsey Hayes, Windsor, Ontario, February, 231 jobs;

Freedland Industries, Windsor, Ontario, 235 jobs;

Echlin Canada, Rexdale, Ontario, 100 jobs;

Fletcher Challenge, Lumby and Williams Lake, B.C., December and January, 235 jobs;

Ogilvie Mills, Winnipeg, February, 90 jobs;

Canada Packers, Winnipeg, December, 107 jobs;

Central Guarantee Trust of Halifax, Montreal and Toronto, 91 jobs;

Simpson's, Montreal and St-Bruno, Quebec, 1,100 jobs;

Wardair, 1,000 jobs;

The large breweries merger, 1,400 fewer jobs over the next three years have already been announced and another 2,600 are said to be projected. Understandably, this amalgamation of the breweries has taken place to enable that industry to be more competitive with American products in the U.S. market and in Canada;

Texaco, 1,000 jobs;

Bathurst takeover, 1,000 jobs projected;

Canadian Printing Industries Association, 2,100 jobs projected;

Fiber Glass Canada, British Columbia, 180 jobs;

Forsyth Shirts, Quebec, 170 jobs;—

An Hon. Senator: Dispense!

• (1430)

Senator Perrault:

Canadian Airlines, in March, 500 jobs;

Southam, January, 900 jobs;

Fletcher Challenge, B.C., 420 jobs;

Novastran, New Brunswick, 50 jobs;

Beverage Central and Starlite, Saskatchewan, January to March, 46 jobs lost;

Various northern Ontario sawmills, 900 jobs;

Dofasco of northern Ontario, March, 700 jobs;

Nortel of Brampton, Ontario, March, 100 jobs;

Midas, 90 jobs;

Geoffrion-Leclerc/Levesque-Beaubien, 300 jobs;

Arnold Manufacturing of Windsor, Ontario, 100 jobs;

Douglas Inc. of Alberta, 420 jobs;

Duo-Matic/Olsen Inc., Tilbury, Ontario, November, 59 jobs;

John Deere Limited of Welland, Ontario, December, January, February, March, 161 jobs lost;

Lear Siegler Industries Ltd. of Kitchener, Ontario, January, 199 jobs;

Libbey St. Clair Inc., Wallaceburg, Ontario, December, 123 jobs;

Libbey-Owens-Ford of Canada Ltd., Lindsay, Ontario, January, 187 jobs;

Trailmobile Group, Brantford, Ontario, November, 111 jobs;

Greening Donald Co. Ltd. of Hamilton, Ontario, December and January, 3 jobs;

Samsonite (Division of E-11 Consumer Products), Stratford, Ontario, November and December, 86 jobs;

Andrew McNiece Limited, Cambridge, Ontario, November and December, 56 jobs;

Atwell Fleming/Young Ltd., Toronto, Ontario, December, 55 jobs;

Canron Inc., St. Thomas, Ontario, November, 104 jobs;

Cecutti's Bakeries Ltd., Sudbury, Ontario, January, 113 jobs;

Drug Trading Company Ltd. of Hamilton, Ontario, November, 62 jobs;

Ford Motor Company of Canada, Windsor, Ontario, December, 180 jobs;

Fruehauf Canada, Mississauga, Ontario, December, 74 jobs;

[Senator Perrault.]

Long Manufacturing Ltd. of Oakville, Ontario, March, 278 jobs lost;

MacMillan Bloedel Ltd., Thunder Bay, Ontario, January and February, 85 jobs;

Monarch Fine Foods, Scarborough, Ontario, March, 66 jobs;

Nu-Kote Canada Inc., Scarborough, Ontario, November, 119 jobs.

An Hon. Senator: That's terrible!

Senator Perrault: He's laughing! Tories are laughing. It is not funny to the people laid off. The humour escapes the unemployed.

Then we have the notice in the Speech from the Throne, the clear message that unemployment insurance benefits are going to be reduced and changed.

An Hon. Senator: Is this Question Period?

Senator Perrault: The key words are that we are always going to make unemployment insurance "more efficient" and "more meaningful". Translation? A reduction in payments to the people least able to afford those reductions.

Square D Canada Electrical Equipment, Arnprior, Ontario, November, 70 jobs;

The Great A & P Co. Ltd., North Bay, Ontario, November, 521 jobs;

Amway Corporation, Toronto, March, 80 jobs.

The list goes on and on and on. I will not bore you with more names. However, let me tell you this: I had a telephone call two weeks ago in Vancouver in which I was told that an electronics manufacturer in Nanaimo was going out of business, and, like the honourable senators on both sides of this chamber, I am concerned about the industries of my province. I telephoned them and I said, "I am sorry to hear you are going out of business." "Oh," I was told, "we are not going out of business. We are moving everything down to Arkansas. We are going to move it all down to Arkansas."

In the four months since the election over 25,000 Canadians have been laid off or told that their jobs will be going soon. This is as many as the trade deal is supposed to produce each year, according to the Finance Department projections. Canadians have still seen very few job gains since the trade deal was signed.

I should like to give honourable senators the background of the figures that I have recited. Some of these figures are projected, as I noted when I read them to you. Some of them are not tied directly to the trade deal because the case is too tenuous to make.

Some Hon. Senators: Oh, oh!

Senator Perrault: No. I am being fair with you. Some of the job losses and projected losses are directly connected. For some of them there is no positive evidence. Certain managements will say, "This is a rationalization to improve our competitiveness." However, the fact is that there have been all of these jobs lost in provinces from coast to coast, in communities

where those jobs are absolutely essential to the prosperity of the area. And what of the affected workers?

Again, I want to ask the Leader of the Government today to provide us with a list of those "adjustments" that have been made by industry on the other side of the line. What U.S. industries can produce statistics comparable to the list I have read to the Senate chamber this afternoon?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Perrault has simply confirmed the notice that was given some weeks ago by the finance critic of the official opposition, the honourable Roy MacLaren, as to the future strategy of his party on this matter. He was quoted as having said, "Every sparrow that falls is going to be blamed on the U.S.-Canada Free Trade Agreement."

Honourable senators, earlier this afternoon two of my colleagues, Senator Marshall and Senator David, under Notices of Inquiries, gave notice that in due course they will make speeches on matters that are of interest and concern to them. That is a procedure I would commend to Senator Perrault. Meanwhile, I decline to join him in the gross abuse of the rules and the patience of the Senate that he has perpetrated this afternoon.

Senator Perrault: Is it a terrible abuse of the time of the Senate to put on record the job losses by Canadian workers coast to coast in this country?

There was not one shred of a reply to the question I posed, namely, "Can you name one U.S. industry that has been adversely affected to this point by the Free Trade Agreement?" Give us the names of even six American companies that have closed down or have reduced their work forces because of Canadian competition. This is a question that the government should be able to answer. It should be monitoring this agreement. It said it was going to monitor this agreement.

THE GOVERNMENT

ADHERENCE TO ELECTION PROMISES

Hon. Raymond J. Perrault: I should like to ask the Leader of the Government this question, and perhaps he can muster up the courage and candour to answer it: During the election campaign we heard not one reference to the debt or the deficit, yet that is all we heard about in the Speech from the Throne. We will be given a proper occasion to debate this, but I am suggesting to honourable senators that this government was elected under false pretences on several counts, and it is our responsibilty to bring that to the attention of the Senate.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my honourable friend was quite insensitive, obviously, to what was happening during the election campaign. I can cite him chapter and verse and send him documentation on very important speeches that were made by the Minister of Finance and others during the election campaign about the necessity of fiscal discipline and the necessity to reduce the deficit in the interest of continuing the excellent economic growth that we have had in this country over the past four years.

But as the honourable senator has suggested, these are matters for debate. I trust we will be hearing from him at greater length during the debate on the Address in reply to the Speech from the Throne.

Senator Perrault: The Leader of the Government talks in terms of speeches made during the campaign urging fiscal and financial responsibility.

The Prime Minister dropped several billion dollars worth of promises from coast to coast in this country. The Leader of the Government is well aware of that. There was the $6.4 billion child care program, which was, in fact, an absolute phony. It got to the Senate so late that there was not time for proper action. There was a billion dollars for the Atlantic Canada Opportunities Agency; $1.2 billion for the Western Diversification Initiative; $2.6 billion in federal funding and assistance for Hibernia, and on, and on, and on, including all of the promises made to secure a by-election win in the province of Quebec, but now we are hearing about restraint.

Senator Murray: Honourable senators, again, this is a matter for debate, but the regional agencies to which my honourable friend has referred were announced by the Prime Minister a year and a half before the election campaign was launched.

Respecting promises, I should have thought that the honourable senator would blush when he talks of the costing of political promises made during the election campaign. Need I remind him of the spectacle that ensued when the leader of his party and his advisers tried to estimate the cost of their own child care program during a news conference held in Montreal? Need I also remind him of the estimate put on Liberal campaign promises by outside sources, such as the Conference Board of Canada and the C.D. Howe Institute, midway through the campaign?

As the honourable senator has suggested, these are matters for debate, and I would be glad to join the honourable senator in debating them at the appropriate time, which is not, I remind him, during Oral Question Period.

• (1440)

Senator Perrault: One essential difference between my party and yours is that the party on the other side of the chamber won the election on the basis of the commitments, pledges and promises it made to the Canadian people. There is a gulf between the promises made in that election campaign and what we heard yesterday in the Speech from the Throne.

Senator Murray: The gulf is in the honourable senator's mind.

THE GOVERNMENT

POLICY ON USE OF "NATIONAL" IN NAMES OF INSTITUTIONS

Hon. Daniel A. Lang: If I may, I would like to return to Question Period!

Senator Haidasz: Go ahead.

Senator Lang: Before I do so, I hope the Senate will indulge me in offering congratulations on behalf of all of us to the Deputy Leader of the Government (*sic*) in this chamber, who has been nominated today by a prominent capital newspaper as the most sexy politician in Ottawa.

Hon. Senators: Wow!

Senator Lang: I must say that is a quality that had escaped my notice in all my years of acquaintanceship.

Senator Marshall: You said the deputy government leader; it should be the deputy opposition leader!

Senator Frith: Thank God for that!

Senator Lang: He is being promoted now!

Senator Cools: Royce is not nearly as sexy as that.

Senator Lang: Congratulations to the Deputy Leader of the Opposition.

Senator Marshall: Take a bow.

Senator Frith: Aw, shucks!

Senator Lang: Honourable senators, may I preface my question to the Leader of the Government by saying that I feel very much as Will Rogers, the famous American comedian, must have felt—you know, being an independent, all I know is what I read in the newspaper.

An Hon. Senator: You don't know very much!

Senator Lang: In the newspapers in Ottawa I have found that the federal government plans to remove the word "national" from the French version of the names of some federal museums, including the National Museum of Science and Technology and the National Aviation Museum. Now, honourable senators, I think I may detect some sort of phobia among francophone Quebecers because the minister responsible for museums, Marcel Masse, made a decision to change the French names, as was said by John Edwards, secretary-general of the National Museums Corporation.

Some Quebec francophones may resent the word being applied to Canada. Frankly, honourable senators, I resent the removal of the name "national"—

Some Hon. Senators: Hear, hear!

Senator Lang: —as in the past I resented the removal of the name "dominion".

Senator Macquarrie: Hear, hear!

Senator Lang: I think there is a time when resentment should not be the theme of this debate.

To state my question, is it true, Mr. Leader of the Government, that it is the intention of the government to change the names of those institutions by removing the word "national" from the French name, and, if so, why?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I had thought that this unfortunate process was already well under way when the previous government settled upon a formulation, which, in my opinion, does violence to both the English and French languages by renaming the Department of National Health and Welfare as Health and Welfare Canada, or the Department of National Revenue as Revenue Canada, which in many ways would be meaningless terms to an outsider. I shall have to make inquiries about the report that the honourable senator has cited. I will advise in due course.

Senator Lang: May I ask a supplementary to that question? It is again reported in this newspaper, the *Citizen*, that changes will be part of legislation to be introduced soon dissolving the National Museums Corporation. I should like to ask the Leader of the Government is that so, and, if so, does the government intend to remove that word "national" from such nomenclature as the National Film Board, "The National" on the CBC, the National Capital Commission—

Senator Perrault: It is ridiculous.

Senator Lang: —and Canadian National Railways? What about National Defence, National Energy Board and National Research Council? Now, let us get into the international field and talk about the United Nations and the Commonwealth of Nations. Are they going to try to remove those from the national nomenclature? Are we anglophones lining up against some sort of schizophrenia in Quebec that is becoming offensive to those of us who do not understand the psychopathy involved?

Senator Murray: Well, honourable senator, the same answer applies to the second question as applies to the first. So far as the wind-up of the National Museums Corporation is concerned, that is a matter of settled government policy, and I do believe there was a bill on the order paper to that effect at the time of dissolution.

Senator Frith: Maybe we will not have the "national" debt any more; it will be "debt Canada" and "deficit Canada"!

FINANCE

FISCAL YEARS 1988-89 AND 1989-90—PROVISION OF FUNDS

Hon. John B. Stewart: Honourable senators, I have a question for the Leader of the Government in the Senate. Is it the intention of the government to expend public money in the fiscal year 1989-90 for any purpose normally provided for by parliamentary appropriation before a bill to appropriate that money has been passed by Parliament? Put in other language, has provision been made by Governor General's warrants for any part of the expenditures to be made in the fiscal year 1989-90, and, if so, for how many weeks or months and in what amount?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, subject to correction, I believe that there is a Governor General's warrant which expires in mid-May. I do not have the amount at my fingertips.

Senator Stewart: It would be helpful to have the amounts, dates, and so on.

Now I should like to ask the Leader of the Government in the Senate if the government has borrowed money for either 1988-89 or 1989-90 on the basis of any authority other than the Borrowing Authority Act, 1987-88 and the Borrowing Authority Act, 1988-89? If so, what authority or authorities were used, and in each case what was the amount borrowed and the dates of the borrowing? I do not expect the Leader of the Government to have the information right now.

Senator Murray: As the honourable senator is aware, those are normally questions that would be put on the order paper, but I shall take them as notice and provide a reply shortly.

ABORTION

RIGHTS OF UNBORN—LACK OF GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, I think it was appalling and indeed intolerable that there was nothing in yesterday's Throne Speech pertaining to definite government legislation in this session of Parliament dealing with the tragedy of crimes against the foetus, and that on the subject of abortion legislation this government's only announcement in the Throne Speech was more stalling, after a year and three months of indecision.

Senator Perrault: Shame!

Senator Haidasz: I should like to ask the Leader of the Government in the Senate: When is this government going to show moral courage and decisive leadership by announcing a definite date for the introduction of legislation to protect the right to life of the unborn and to stop this killing of 200 innocent human lives every day in this country?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the government made an earnest effort in the course of the last Parliament—

Senator Perrault: Earnest effort!

Senator Murray: —to obtain the necessary consensus of Parliament that would enable us to proceed with legislation. Absent that consensus, I cannot see how legislation could have proceeded. As the Throne Speech indicated yesterday, we are now considering the situation in the light of the latest jurisprudence on the subject from the Supreme Court of Canada.

• (1450)

Senator Haidasz: Can the government leader tell us how long the government is going to consider and weigh this vital issue?

Senator Murray: As long as it takes.

Senator Haidasz: Honourable senators, that is an intolerable answer.

Senator Perrault: What kind of answer is that?

Senator Haidasz: I do not see how the Leader of the Government can make such a reply in this house. It is shameful. It is really a terrible disregard of innocent lives.

Senator Murray: Honourable senators, on this issue my friend placed a private member's bill on the order paper last session. If he wishes to bring another bill forward this session, he is free to do so. Meanwhile, the government will study the situation in the light of the Supreme Court decision and will decide what response to make after it has considered the matter fully.

Senator Haidasz: Has the government not received any advice or information from the Department of Justice or from other federal departments in this regard? Is it the government's incompetence, or perhaps lack of moral courage to take action, that has resulted in this delay?

Senator Frith: There is no reason why it couldn't be both!

Senator Murray: Honourable senators, in respect of any initiative brought forward, the government would want to be certain of a consensus in Parliament in favour of such an initiative. Absent such a consensus, there can and will be no legislation.

Senator Haidasz: Shame!

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—AVAILABILITY OF PAYMENTS

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Leader of the Government in the Senate with regard to drought assistance for farmers in western Canada. As my honourable friend is aware, farmers are getting ready now for planting and are experiencing a serious cash shortage, particularly in those areas that have suffered from the drought. In addition, due to the increase in interest rates over the past period farmers are finding themselves doubly squeezed, so there is real urgency in getting these payments out to them. Could the government leader inform us when the farmers can expect those payments to be made?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am aware that the date of mailing of interim cheques has been put back and I will try to obtain more precise information on when those cheques can be expected. Meanwhile, I have to say that this is one of the most involved programs ever undertaken by the Department of Agriculture. I am informed that the impact of the drought varied greatly from location to location. The government is attempting to make payments that are crop specific and location specific.

I am also informed that producer review committees will be established in the near future to provide the government with direction on drought zones and to mediate producer disputes. Having said that, I will try to obtain more detailed information from my colleague, the Minister of Agricuture, and I will advise honourable senators accordingly.

WESTERN CANADA—DROUGHT RELIEF PROGRAM—CLASSIFICATION OF ZONES

Hon. H.A. Olson: As a supplementary, honourable senators, I have received a number of communications from farmers who, I am convinced, were honest and sincere in advising that some of the zones of which the minister spoke were inappropriately struck; in other words, some areas that have been described as moderate are just as bad as, if not worse than, other areas that have been described as severe. There is a significant difference in the amount of payments to be made on the basis of those distinctions. Could the minister try to find out for us where such queries should be directed?

I am not aware that the Department of Agriculture has set up an administration in western Canada to deal with this matter. I do not know whether the PFRA will take care of this or whether crop insurers in the provincial organizations will carry out the actual administration. It will be helpful to have that information so that the complaints in this respect—which I regard as legitimate complaints—can be dealt with.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will ask my colleagues for that information.

THE ENVIRONMENT

ALASKAN OIL SPILL—GOVERNMENT ACTION—POTENTIAL DAMAGE TO CANADIAN COASTLINE—REQUEST FOR UPDATE

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. I think all of us here and all Canadians have watched with sadness and great anxiety the massive oil spill from the Exxon tanker in Prince William Sound off the southern coast of Alaska. Our anxiety has increased because of the lack of success in containing the spread of this spill and the potentially devastating effect this could have on wildlife and marine life, in particular the herring and salmon fisheries. I should like to ask the Leader of the Government whether Canada has been asked for or, indeed, has volunteered any assistance to the State of Alaska in helping with this cleanup.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes, honourable senators, the Canadian Coast Guard, I am informed, has sent an observer to the spill area and has also offered to its United States counterpart assistance through providing cleanup equipment or surveillance craft, should they be required.

Senator Fairbairn: Could the Leader of the Government indicate to us where this observer is from? Is he or she from the Department of Fisheries and Oceans or the Department of Science and Technology? What, if any, indication have we had of the potential damage to our own coastline from this widening spill?

Senator Murray: Honourable senators, I am informed that the observer is from the Canadian Coast Guard. I think it is too early to say anything definitive about the effect of this spill on our own coastline, but this matter is under review, particularly with regard to gray whales and of course to migratory birds, which are more directly affected.

I am told that Canadian officials are monitoring the situation and that our embassy in Washington has asked the United States government to keep us fully informed on developments that may affect our waters, our fisheries or, indeed, our territory.

Senator Fairbairn: Would the Leader of the Government be prepared to give us an update on this situation as it develops?

Senator Murray: Yes, honourable senators.

USE OF NUCLEAR REACTORS IN SPACE—GOVERNMENT ACTION AND POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, I raise another aspect of environmental protection. In the Throne Speech the government promised to take steps to protect the Canadian land mass against environmental damage. In January of this year Soviet scientists announced the launching of a new class of nuclear reactor in space. The international community welcomed the openness of the Soviet scientists in making this announcement public. However, as the Leader of the Government in the Senate will recall, in 1978 Cosmos 954, a Soviet satellite, was damaged and disintegrated in space. Radioactive fragments from the Soviet satellite fell on Canadian lands in the Northwest Territories. I believe it took from 1978 to 1981 to settle a compensatory claim with the Soviet Union. Canada settled for 50 per cent of the original Canadian claim. I believe the final settlement amounted to $3 million.

Since that time the incident at Chernobyl has taken place—a nuclear accident with devasting effect as yet unmeasurable in Eastern and Western Europe.

Has the Government of Canada taken steps in the international community to ban, restrict or at least closely monitor the use of nuclear reactors in space to avoid what could result in a disastrous impact on Canada and other countries in the event of a nuclear accident in space? We have been told that the Exxon tanker spill occurred because of human error. Obviously, it is of concern to all Canadians that human error could result in a nuclear disaster in the launching or orbiting of a satellite.

Can the Leader of the Government tell us whether the Canadian government considers this matter a priority in its environmental concerns?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will take that question as notice.

PREVENTION OF OIL SPILLS IN CANADIAN WATERS— CANADA'S CAPACITY TO DEAL WITH OIL SPILLS—GOVERNMENT ACTION

Hon. Colin Kenny: Honourable senators, I have a further supplementary question for the Leader of the Government on the *Exxon Valdez* oil spill. Approximately two million barrels of oil a day are shipped from Alaska to the 48 southern states, which go by tanker down the west coast of Canada. I under-

stand that one or two tankers a day go south, and at times they travel within 15 miles of the Canadian shore.

• (1500)

My question is this: Since this accident took place, what steps has the Government of Canada taken to ensure that a similar accident does not occur in Canadian waters?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that is rather an involved question and one that I do not think I could be expected to deal with during the oral Question Period. I shall ask for a report on this matter from my colleague, the Minister of the Environment.

Senator Kenny: I should like to ask a supplementary question, honourable senators. If the Leader of the Government is going to seek a report on this, perhaps he could also seek a report on what Canada's capacity would be to deal with a spill, if one should take place.

Senator Murray: Honourable senators, my friend must know, just for openers, as I say, that there is a Canada-U.S. vessel traffic management agreement that covers the kind of traffic the honourable senator is talking about. However, I shall make inquiries to see what further information I can bring on behalf of the Minister of the Environment.

Senator Kenny: My concern stems from reports that the Deputy Commissioner of the Canadian Coast Guard advises us that, while there are two clean-up depots in southern British Columbia, neither of them has the capacity to deal with a spill anywhere near the size of the *Exxon Valdez* spill. If one or two ships equivalent in size to the *Exxon Valdez* are sailing through Canadian waters each day, which is a total of 730 million barrels a year, and we do not have the capacity to deal with them, I should like to know what the government is doing.

ECONOMIC DEVELOPMENT

ATLANTIC PROVINCES—RENEWAL OF FEDERAL-PROVINCIAL AGREEMENTS

Hon. Eymard G. Corbin: Honourable senators, I should like to ask a question of the $6 billion Leader of the Government. I know that part of his heart is still in the Maritime provinces. I do not fault him for that. I believe it is a good thing.

As he knows, joint federal-provincial development programs were allowed to lapse at the end of March. These are programs affecting resource development in the fields of forestry, mining and fisheries. The premiers of the Maritime provinces have expressed concern, some of them grave concern, over this lapsing, and at least one has expressed optimism that these development programs will be revived, as they understand it, after the presentation of the federal budget some time in the near future—next month or five weeks or three weeks, who knows.

I preface my question in such a way as to attempt to elicit a positive response from the Leader of the Government in the hope that he can today state with some assurance, not only to the premiers but to the hundreds of workers who stand to lose their jobs if these agreements are not extended into another period of years, that it is in fact the intention of the federal government to keep these agreements alive in order to foster greater oppportunities in the Maritime provinces.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, quite aside from the fiscal considerations and the fact that firm decisions on these matters must await the budget, I do want to emphasize that these economic development agreements between the federal government and the provinces, when they come up for review and renewal, are renegotiated and are sometimes replaced by other agreements, depending upon the priorities that are agreed upon between the federal government and the provinces. No one should regard it as automatic that every ERDA sub-agreement is renewed when its expiry date arrives.

Having said that, the only statement that I am in a position to make today is that the federal government remains as strongly committed as ever to federal-provincial cooperation in economic development. Discussions are continuing between the federal government and the provinces concerned about the ERDAs and about economic development generally, but any announcement must await the forthcoming budget.

Senator Corbin: I appreciate the Leader of the Government's explanation. I take it, then, that there is disagreement as to the development priorities. On the other hand, I note that it seems to be the wish of the premiers to have the same agreements extended for another period of years. I recognize, therefore, that there is a difference of opinion.

However, I do not understand the condition being suggested that one has to wait for the federal budget to be brought down before anything can happen. I have in my hands a CP story out of St. John's, Newfoundland, from which I would like to quote. To put things in context, I should remind everyone that the province of Newfoundland is now in an election period. The release says:

> But by Monday afternoon,—

Monday afternoon was yesterday afternoon,—

> the strong-jawed Premier of Newfoundland Tom Rideout emerged from the taping of election campaign television ads with some good news—a pair of five-year development agreements for Newfoundland and Labrador.

I do not fault Newfoundland and Labrador for getting the agreements.

> The federal-provincial pacts will provide $29.2 million for rural development on the Island and another $53.8 million for the fisheries, forestry and tourism sectors of Labrador.

My question is simple. Why could Newfoundland not wait, like the other three Atlantic provinces, for the budget to be brought down? Was that simply an accident, a coincidence or an act of sheer political opportunism?

Senator Murray: None of the above, honourable senators. I do know something about those sub-agreements. The reason I

know something about them is that I was minister responsible for ACOA until September 1988, and I recall very clearly having reached an agreement with former Premier Peckford that we would proceed with negotiations of those two sub-agreements—one agreement involving Labrador and one agreement involving rural development. While the actual terms have been negotiated since my departure, we reached agreement and, as I recall, put out a press communiqué some months ago that we would be proceeding.

EXTERNAL AFFAIRS

VISIT OF TORONTO STUDENTS TO WEST GERMANY—INCIDENCE OF MENINGITIS—LAUDATORY ACTION OF CANADIAN OFFICIALS

Hon. Peter Bosa: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. It is in three parts, and I hope you will bear with me.

A group of students and accompanying persons from St. Michael's School in Toronto were visiting West Germany; while there they were quarantined on suspicion of having contracted meningitis. This occurred on the Thursday evening before Good Friday and the Easter long weekend. When our vice-consul in Munich was informed of this situation he immediately went to Mannheim to assist the students, 14 of whom were hospitalized in that city. Our consul, Jim Hentschell, and Ambassador Tom Delworth went from Bonn to Frankfurt where 27 of the students were detained in the auditorium of the airport and 11 others were in other hospital facilities there. On the following Monday all the students were

ECONOMIC DEVELOPMENT

ATLANTIC PROVINCES—RENEWAL OF FEDERAL-PROVINCIAL AGREEMENTS—FUNDING OF PROGRAMS

Hon. L. Norbert Thériault: Honourable senators, I have a supplementary to questions asked by my colleague, Senator Corbin, concerning the federal-provincial agreement as it relates to the maritime provinces. I should like to ask the Leader of the Government in the Senate whether I understood him correctly. As I understood him, he stated that he knew about these agreements with Newfoundland because he was the minister responsible for ACOA until September. Was that his answer?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes.

Senator Thériault: Should the people from the maritime provinces then assume that there is a possibility that existing agreements that have lapsed, or are no longer in force as of April 1 so far as the federal government is concerned, may have to be funded through moneys that have been allocated to ACOA?

Senator Murray: Honourable senators, my honourable friend misunderstands the situation.

Senator Thériault: No, I do not. I ask you.

Senator Buckwold: He may misunderstand the answer to that.

Senator Murray: Let me tell the honourable senator that the minister in charge of ACOA has responsibility for the ERDA process. He is the ERDA minister in the Atlantic provinces.

that had been, for the most part, in the DRIE estimates, and it was transferred to ACOA. Money for any new economic development agreements of that kind does not come out of the $1.05 billion, which was new money appropriated for new programs in the field of encouraging small business and entrepreneurship, and so forth. I am simply confirming what I have said on that subject on many occasions here and elsewhere.

Senator Thériault: My specific question concerned those two federal-provincial agreements that you and my colleague mentioned as having been reached with Newfoundland. Where is the money coming from for those two specific programs? Is it from ERDA or ACOA?

Senator Murray: Honourable senators, I am not sure what distinction the honourable senator is trying to make. I repeat to him that the $1.05 billion of new money allocated in June of 1987 was for new programs relating to the encouragement of entrepreneurship and small business, and so forth. The money for the extension of the Labrador agreement and the rural development agreement does not come from that fund. That is what I am telling the honourable senator. It comes from the funds that are available to ACOA in respect of ERDAs.

Senator Thériault: Honourable senators, if it is possible for Newfoundland under the terms that you have described, why is it not possible for New Brunswick to have some agreements from that ERDA money?

Senator Murray: Senator, no one ever said that it was impossible.

Senator Thériault: Why are the governments of the maritime provinces told that they have to await a budget while money is being allocated to the province of Newfoundland at the same time from the same area?

Senator Murray: Honourable senators, I would suggest that my friend get a copy of the press release that Premier Peckford and I put out some months ago about the extension of the rural development agreement and the agreement to negotiate an agreement for Labrador. He will see that we had an agreement in principle. Since that time the details of those agreements were arrived at in negotiation between the federal government and the province concerned. As I indicated in response to a question from Senator Corbin a few minutes ago, the discussions are ongoing between the federal government and the four Atlantic provinces.

Senator Thériault: Honourable senators, the minister knows very well what is happening in Newfoundland. No wonder I added half a billion to the ACOA budget. What I had in mind was the $1 billion that was given by your government to Saskatchewan when a provincial election was called. Therefore, I am surprised that the government and the people of Newfoundland would settle for $50 million or $60 million.

● (1520)

However, for the first time in the federal-provincial negotiations with respect to these programs a provincial government has been told that it must wait for agreement on such programs until the budget comes down. I can well understand the government's position that provinces can and should be told to wait until the federal budget comes down with respect to the amount to be allocated to such programs. However, I do not agree that they should be asked to wait to find out whether or not the programs will proceed. Why is that happening now?

Senator Murray: In fact, honourable senators, the budget will determine the amount of money that is available, and there will be a fiscal framework and information tabled with the budget not just for the next year but for the next five years. Indeed, the question of whether this or any particular agreement will go ahead and what will be contained in the agreement is a matter for negotiation between the two levels of government.

Senator Thériault: Honourable senators, the fact of the matter is that the Government of New Brunswick has made an offer to the federal government that New Brunswick is prepared to proceed on its own with respect to these programs if it can be assured that, when the budget comes down, regardless of the date, the federal part of the program will be refunded to it. However, it has not yet received an answer to that proposal.

Senator Murray: I can only say, honourable senators, that negotiations between Ottawa and New Brunswick have not yet reached the stage where the federal government is prepared to agree to the renewal of all of those agreements.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

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

Hon. Gerald R. Ottenheimer, seconded by Hon. Roch Bolduc, moved:

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

He said: Honourable senators, I am pleased to have this opportunity to express some views with respect to the Speech from the Throne and the government policy annunciated therein yesterday.

[*Translation*]

First of all, sir, I wish to congratulate you on your appointment as Speaker of the Senate. I hear that you are only the

third senator in the history of this institution to be appointed Speaker of the Senate for a second term.

I take this opportunity to assure you of my full cooperation and loyalty.

[*English*]

Within a Canadian context, I do not suppose there has ever been a Speech from the Throne that has not elicited comments from those who do not support the government such as that the document is extremely vague; it does not give enough particulars, and various attributes such as that. I imagine that such comments are part of our overall political practice.

Personally, I view the Speech from the Throne made yesterday as a statement of philosophy, of principles, of priorities and of the overall thrust of the government, and obviously at a fairly conceptual level and not in a very detailed fashion. I personally view it as having an important theme: that of economic and social responsibility. In my view those two aspects go together. They are like two sides of one coin. To have economic responsibility without social conscience or social responsibility is to bring to the task of government the mentality of a banker or of an accountant, because, in the final analysis, it is the overall social goals which inspire governments. However, to have a sense of social responsibility without the financial wherewithal or the strong economy which is necessary to finance it is also impossible. So I see the overall thrust as one of responsibility, both social and economic.

Early on in the speech Her Excellency pointed out—many of us knew, but it was a good thing to re-emphasize—that, from a certain point of view, the Government of Canada is today working with 69-cent dollars—from the point of view that 31 cents of each dollar must go toward interest on the national debt. Obviously, so long as we work with 69-cent dollars, the government will not have as much flexibility as it would with 100-cent dollars or 90-cent dollars or 75-cent dollars; indeed, if that tendency were to continue, then a few years from now people would have at their disposal, in terms of expenditures for social and other programs other than those of debt reduction, 65-cent dollars and then 60-cent dollars. Therefore, I think it is absolutely essential from the point of view of fiscal responsibility, and from the point of view of the government's having flexibility and as broad an area of choice as possible to respond to needs, that the government have the maximum use of the money that accrues to it from the people in terms of revenue.

The first mandate of the Mulroney administration during the past four years showed a decline in the government deficit, from somewhat over 8 per cent to somewhat less than 5 per cent in the gross domestic product. However, in order to maintain and enhance our social programs and in order for the government to be able to respond to the needs of the people of Canada, it must make every effort to encourage the strengthening of the Canadian economy. With respect to social programs, it was not a surprise, but it was certainly welcome, to hear that our social programs will continue to be determined in Canada by Canadians. It was not a surprise, but it was welcome, to hear of the government's continued support, in terms of social programs, of the family, of the elderly and of those who are in low-income groups; and it was also welcome to hear of the government's continued commitment to a national child care program.

In order to help in the strengthening of the Canadian economy, the government indicated its intention to continue its policy of liberalized trade. Obviously, liberalized trade has an important role within the context of the Free Trade Agreement, and it also has an overflow effect within the area of the GATT negotiations. Specific mention was made of the growing importance of Canada's trade with the Asia/Pacific region, not to take the place of trade between Canada and Europe but to supplement it and to diversify our trade.

During the last session the Standing Senate Committee on Foreign Affairs was charged with the responsiblity for trade matters. Part of that responsibility involves, perhaps as an overview, making recommendations based on the analysis of problems inherent in the implementation of the Free Trade Agreement.

From a brief conversation I had yesterday with Senator Stewart, the former chairman of that committee, I understand that GATT, Europe 1992, and other trade matters will also be within the purview of inquiry of that committee. I believe there will be an opportunity for the committee to make some very serious and worthwhile studies, some analyses and some recommendations that might be of benefit to members of the Senate and, it is to be hoped, in a broader context—not just within this body.

• (1530)

In terms of the strengthening of the economy and the efforts which will be made towards a continued support for liberalized trade, there is, of course, the human factor. Even with all of the agreements in place, if there is not the human motivation, if there is not the human skill and adaptability of the Canadian worker, then those agreements will not achieve the maximum results. Honourable senators, I certainly welcome the commitment to a process of upgrading Canadian labour force skills. Obviously, the economy must not be viewed only in terms of external trade; the internal aspects for Canada must also be considered, and, in that regard, there was a reference to continued attempts to minimize interprovincial trade barriers, which have existed for quite some time. There was also mention of the various regional development agreements, such as the Western Diversification Program and ACOA, of which I have somewhat more knowledge.

I was very pleased today to hear the response of the Leader of the Government in the Senate to a question by an honourable senator on the other side with respect to additional agreements of a regional-development nature vis-à-vis the fishery off the Labrador coast. Certainly, the ACOA initiatives have been very valuable in Newfoundland, and I do not doubt that they have been valuable in other areas as well. I checked today and I have some fairly rough figures indicating that up to a month or so ago the ACOA involvement in Newfoundland amounted to $134 million, and that that has

triggered within the province of Newfoundland and Labrador another $270 million for a total of $404 million—a substantial amount. My understanding is that up to approximately a month ago that had been spent or committed and that it was responsible for the creation of approximately 3,000 jobs. That is certainly an instance of a very valid economy-strengthening program in the "within Canada" context as distinct from the "Canada-other-country" context.

I am sure the vast majority of Canadians welcome the emphasis on the environment in the Speech from the Throne and also the government support for the Brundtland World Commission, which emphasizes the interdependence between the economy, the environment and human health. Indeed, the recent disaster off the coast of Alaska, which was referred to in Question Period today, dramatically—I hope not tragically—brings home to Canadians the dire consequences of what would appear in this case to have been negligence; but unfortunate events could also occur without negligence on anyone's part, but simply through human fallibility and the fact that technology is sometimes imperfect.

Certain specific measures are indicated in the Speech from the Throne with respect to limiting toxic chemicals, improving the quality of our water, improving the quality of the atmosphere, the cleaning of the Great Lakes and the St. Lawrence River, with special reference being made to the Arctic. Those of us who come from northern areas, which would obviously include the Arctic, northern Pacific coastal regions and northern Atlantic coastal regions, such as the Labrador coast, are aware of the great hazards of pollution. That does not mean that severe environmental damage cannot occur in any kind of climate, but the special reference does acknowledge the extreme sensitivity of the northern climate.

Overall, I think the statement of government thrust and overview with respect to a strong economy, a caring society, liberalized trade, concern for the environment, our international role of continued involvement in peacemaking, and relief of famine formulate a blueprint and are indicative of government policy that will stand Canada well in the four or five years ahead.

[*Translation*]

Honourable senators, I would like to take a few minutes to talk about the Meech Lake Accord and in particular, the following clause:

> 2.(1) The Constitution of Canada shall be interpreted in a manner consistent with
>
> (b) the recognition that Quebec constitutes within Canada a distinct society.

I have never understood the concern, the fear and even the disgust that some people feel about recognizing a distinct society.

Stripped of all emotional baggage and rhetoric, does it not come down to a precise, logical question or rather a series of pertinent questions?

Because of the way it was settled historically, because of the language used not by all but by a clear majority, because of its social and political evolution, is it not distinct within Canada?

I take the term "distinct" to be descriptive and objective, not as a value judgment. Being distinct does not mean better or worse; being distinct means being different and showing that difference. But recognizing and encouraging distinctness are the very fabric of the Canadian federation.

The constitutional designation of Canada as bilingual and multicultural is a way of enshrining difference in our fundamental law. In the broader context of Canada as a whole, we have always prided ourselves on our viewpoints that are distinct from those of our southern neighbours and other western countries.

It is quite obvious that in many ways, these differences will continue and I hope that they do.

Canada's political development, the enshrining of differences, namely bilingualism and multiculturalism, in the Constitution, our social and economic priorities, our international relations and our membership in the Commonwealth and the francophone community all serve to strengthen and maintain our distinctness.

The constitutional framework that we have given to bilingualism and multiculturalism and our daily customs and practices show that differences are recognized in Canada. In my opinion, it is logical and reasonable to recognize as well that Quebec is a distinct society within Canada.

It can rightly be noted that Quebec is not the only distinct society in the Canadian family. It is likely that Nova Scotians, British Columbians and citizens of other provinces see themselves as part of such a distinct society. Certainly Newfoundlanders feel that they are a separate people within the federation. Our constitutional development, quite different from that of the other provinces, our historic links that are transoceanic rather than continental, our sense of identity expressed in songs, humour, and family ties, our tragic and heart-rending experience of sudden loss of life that characterizes the seafaring life of the Newfoundland people all serve to strengthen our sense of identity.

Nevertheless, the Province of Newfoundland has no desire to have this distinctness of our society specified in the Constitution. But such recognition for Quebec, which wants it, does not threaten us, neither does it threaten the other provinces.

The Meech Lake Accord opens the door to progress on other issues mentioned in the Speech from the Throne: Senate reform, native rights, language rights, fishing roles and responsibilities and strengthening the Charter of Rights and Freedoms.

Without reliving former battles, our country must put an end to the present constitutional anomaly. The Meech Lake Accord is far from perfect, but if we seek perfection in human and political affairs, we will wait a very long time. The Meech Lake Accord provides for a dynamic evolutionary process, an openness to the future, when Canadian governments will have the opportunity to examine and change our relations in order

to address the challenges of the twenty-first century in an appropriate and contemporary way.

All that we need is confidence, resolve, political will and a spirit of generosity.

● (1540)

[*English*]

I should like to say a few words about a distinguished Canadian and Newfoundlander who has retired from public life. We are of course all aware that the ultimate democratic exercise is going on in Newfoundland at this time. I make these remarks with respect to the Honourable A. Brian Peckford; however, I make them in no partisan sense at all.

I had the pleasure and honour of serving with him in the House of Assembly from 1972 to 1987. After he became premier following the 1979 election, I then served in his cabinet from 1979 to late 1987. As I say, there is nothing particularly partisan in this. I personally believe that everybody who has served successfully as premier of a province deserves a certain recognition and perhaps the gratitude of the Canadian people, because in serving as a premier one is also serving Canada. Indeed, this chamber has reason to be appreciative of the work of former premiers since we are honoured with three former premiers among our present membership: Senators Hicks, Roblin and Robichaud.

I personally believe that the Honourable Brian Peckford has made a very significant contribution to Newfoundland and Canadian life, but I am not going to make reference to those things that are part of history or in newspapers or easily identifiable.

There was the very important role he played in the restructuring of the fishery on the east coast, which a few years ago was in a very serious condition. Out of that restructuring, of course, came the creation of FPI, Fisheries Products International, as well as, to a certain extent, National Sea.

Then, of course, there was his involvement with the Atlantic Accord, which is sometimes associated only with Hibernia. There has been a two- or three-month delay with Hibernia, but, really, the Atlantic Accord is not Hibernia or any particular offshore development. It is rather an overall frame of reference for all offshore development off the coast of Newfoundland and it provides a framework for decades and, indeed, for generations. It is of such benefit that one other province has asked to have its terms apply to that province. That, of course, is Nova Scotia, which, prior to the Newfoundland agreement, reached an agreement with the federal government containing a clause whereby they would benefit from any advantages or conditions in the agreement with Newfoundland which were absent from the one with Nova Scotia.

There is FPI. There is the Atlantic Accord. There is the tremendous work done personally by him, as well as by his cabinet and others, when the Bowaters mill in Corner Brook, which was the life blood of western Newfoundland as well as of a good deal of central Newfoundland, decided to pull out. He was able to involve Kruger, a family company with other mills in Canada, some of them in Quebec.

Of course, the biggest bankruptcy in Canadian history, the Come by Chance oil refinery, was turned around to a successful venture without any public money involved. Well, I suppose one might say that public money was involved, because the federally built wharf, built years ago, was handed over to the company operating the refinery. However, it was put in repair at a cost of some millions of dollars by that company; so, really, that involved no public money whatsoever.

Apart from all of those accomplishments, I believe that he has made a real, although perhaps less tangible, contribution to Newfoundland and to Canada. After ten years of Brian Peckford, I think Newfoundlanders today perceive themselves in a different light. Perhaps as a result of that—although it may be concomitant—they are also perceived by other Canadians in a somewhat different light. What interests me is how Newfoundlanders perceive themselves. How others perceive us is, in a sense, their problem. There always was a certain sense of pride in Newfoundland, but, in political terms, there is quite a difference in Newfoundland today.

After Confederation, and for quite some time, there was an attitude that "Uncle Ottawa has taken us in and now we will have these enormous benefits of social security. Surely, we are not going to rock the boat." We wanted to get everything that there was to get, not necessarily that we were entitled to, because I do not know if the word "entitled" came into it. Delegations and ministers from Newfoundland would go to Ottawa and it would almost be like visiting a 12-month Santa Claus.

Somehow the idea permeated the province that, if you were to criticize too strongly, then perhaps you might not get all of the benefits you would otherwise receive. Obviously that was nonsense, because what Newfoundland or any other province gets, it gets by right, by entitlement in our federal system, and not as crumbs.

I can remember a dramatic example of that attitude, although, again, one cannot interpret what happened 20 years ago in the light of today without being aware that the times have changed. However, I recall that when the Right Honourable Louis St. Laurent was in St. John's, Newfoundland, there was a huge rally. I assure honourable senators that it was before my involvement. When then Premier Joey Smallwood was introducing him, the "Uncle Ottawa" attitude was personified because he was introduced as "Uncle Louis". It was as if Ottawa were a Santa Claus and we had better be very careful. If not, we might not be as well off as we otherwise would be.

I would say that under the Peckford administration Newfoundlanders got rid of that attitude. Newfoundlanders will now state their disagreement with the government, or with anybody else, without its being suggested that they will be less well off as a result.

● (1550)

I think, too, during the Peckford administration Newfoundland played a role in national issues which it had not played before. Newfoundland has a fairly strong and consistent posi-

tion with respect to the Constitution, and Newfoundland, as a province, has a strong position with respect to Meech Lake—matters that do not directly affect Newfoundland but which indicate that perhaps that introversion which we had during the first two or three decades of Confederation has now been broken.

I think one of Brian Peckford's great contributions to Newfoundland is that he has helped Newfoundlanders change their perception of themselves, and has with that given them new pride and new vigour.

In any case, its having been the fourtieth anniversary of Confederation of Newfoundland and Canada just a few days ago, I am sure honourable senators will not take offence at my reference to Newfoundland. I think I can say that the vast majority of Newfoundlanders would concur with me in saying that we look forward to the years ahead as Newfoundlanders and as Canadians with pride and confidence in ourselves, our province and our country.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, it is with great emotion that I speak to you for the first time. Indeed, one cannot spend more than 30 years in the public service without following some of the debates which have taken place in this house and without reading numerous reports which emanate from its committees and which attest eloquently to the vast reservoir of experience and wisdom of its members.

I am therefore quite aware that it will take more than the few days which I have spent here to make a seasoned parliamentarian out of me. I find it all the more challenging to take on with great enthusiasm this new responsibility.

I would first like to congratulate our distinguished speaker, the Honourable Guy Charbonneau. I am convinced that he will continue to preside over our proceedings with his usual distinction and serenity.

[*English*]

I should also like to congratulate Senator Murray, who is beginning a second term as Leader of the Government. This position entails heavy responsibilities and calls for a great deal of patience and dexterity, qualities which Senator Murray has in abundance, as we have seen.

Some Hon. Senators: Hear, hear.

Senator Bolduc: I want to thank him, at the same time, for the confidence he has shown in me.

As for the Leader of the Opposiiton, I am sure he will continue to make his considerable knowledge of public administration available to Canadians, in accordance with his own personal style and Senate traditions.

[*Translation*]

Finally allow me to extend a special salute to my mentor in the Quebec public service, Senator Tremblay, to whom I am indeed intellectually indebted; it is a debt which dates back to the days of the quiet revolution when he was working on the school reform of our society. I would add that I appreciate that much more the friendship he has since shown me.

Honourable senators, I am pleased to have been asked to second the motion of Senator Ottenheimer that this house express its thanks to Her Excellency the Governor General for the inaugural speech she was gracious enough to deliver yesterday afternoon. This is an honour for which I most sincerely and most warmly thank those to whom I owe it.

What can I say after the outstanding remarks of the mover of the motion, Senator Ottenheimer? It seems to me that the Speech from the Throne provides us with a program of action which fully meets the challenges of the nineties, the last decade of this century.

It is with much hope that we move forward under a majority Conservative government which, for the second time in a row, represents all regions of the country. I say with much hope because, fortunately, some of the obstacles which prevented the Canadian people from making progress have been eliminated over the past four years.

[*English*]

The dialogue between the federal and provincial governments is now more calm. I am not saying that all political difficulties have been straightened out in our federation, but I think that we have made a great step forward. For example, we are moving towards the ratification of an historical constitutional agreement. Already representatives of 93 per cent of the people have given their assent. Is it possible to think that the required consensus might not be reached?

The decision makers have a heavy responsibility and we can only hope that they will follow in their predecessors' footsteps. This is all the more important since I think it is a prerequisite to any other constitutional change. Over the last few decades Quebec has made significant progress. Now that the province has started off confidently down the road to modernity, this is not the time to tempt it into moving ahead alone, since this would be neither in its own best interests nor in Canada's.

[*Translation*]

At the economic level, the free trade agreement recommended by the Macdonald Commission has been a major step forward—it showed Canadians had made up their minds that they trusted their own ability to compete fairly with our neighbors down south.

This development will have as a further benefit that we will become a powerful, dynamic economic group capable of facing up to others in Europe and Asia, as was the optimistic conclusion reached by the *Wall Street Journal* on January 23rd, 1989, after a serious comparative examination of the strengths and weaknesses of the five major economic groups in the world.

Incidentally, during the last election, if consumer laws had applied to election speeches the way they do to commercial advertising, some speakers might have been found guilty, so much they scared people, especially senior citizens.

Another step in the right direction was the clear signals sent over these last few years by this government in support of

competition rather than regulation in certain industries, especially transportation, communications, energy and the financial sector.

Finally, while conscious of the importance to conserve and develop the Canadian heritage, the government lifted unnecessary barriers to foreign investment based on a kind of protectionism not in line with a healthy nationalism.

However, honourable senators, the job is not finished for all that. Challenges remain in this country, and the opening speech not only shows the government has identified them but that it points to solutions that should continue fostering federal-provincial harmony, economic prosperity, social fairness, genuine liberal democracy and productive participation in the concert of nations.

Clearly, the implementation of the free trade agreement with the United States, in addition to continued change in Europe and Asia, will cause difficulties to certain firms, either through takeovers, mergers, partial acquisitions, nationalizations or transfers.

In some cases, adjustments will have to be made. Also, in today's world where international financial transactions are accelerating at electronic speed, it is extremely important, as emphasized by the Canada Economic Council in their 1988 annual report, that our human resources be increasingly competent and able to adjust to a constantly changing professional environment.

Even though much can be done through technological transfers, in that area research and development efforts need to be accelerated in Canada, as proposed by participants to the technology symposium held in Montreal in 1988. Those efforts may also need to be re-directed, and by that I mean budgeted, even based in private firms rather than government bureaucracies.

[*English*]

The oil spill that occurred recently in Alaska and the unresolved acid rain issue with the United States are problems that have not gone unnoticed by the government. Mindful of our planet's fragile ecosystem, and in the face of recent growing public awareness of the problem, the government is attacking the issue of pollution with all the energy and determination it can muster. I am happy to note that in the Speech from the Throne the environment will be one of the high priorities of the government during its second mandate.

● (1600)

I am also pleased to note that the government has decided to tackle the budget deficit with renewed vigour, especially since the problem of the public debt, as the president of the Royal Bank mentioned recently, is even more serious in Canada than it is in the United States. The government cannot go on indefinitely spending more than it can afford. If it does, inflation will set in and we will shift an unfair burden on to the shoulders of the next generation, all because we are living beyond our means today.

[*Translation*]

Among the various ways of intervening to alter the course of events, there is a broad range of possibilities: revising certain programs, tight expenditure controls, commercial sales of certain public commodities instead of distributing them free of charge, charging fees for public services, administrative cutbacks, contracting out, transferring responsibilities to the private sector and a commodity tax. There is also a certain lack of flexibility in public regulations and the provisions of collective agreements that prevents management from being as efficient as Canadian taxpayers and users of our public services have a right to expect.

A country like Canada, whose prosperity depends to a very substantial extent on its international trade, must remain competitive, and to do so it must apply a certain amount of discipline in striking a balance between consumption and investment.

In this respect, honourable senators, if we consider the impact of the changes that have taken place in the last ten years in the values of our society, we can take a more objective look at the demands and goals of Canada's various social groups. For instance, although university students in Quebec hold demonstrations to protest increases in tuition costs which are actually very low, at some time we will have to ask these groups in our middle class who are in fact well on their way to having a higher standard of living than the average Canadian, to do their share right away in financing our post-secondary institutions which are lagging behind their Ontarian and U.S. neighbours.

And what about the universality of certain social measures which provide pensions to 65-year-olds who are well off and family allowances to households with an annual income of more than $60,000 or $75,000?

What we are talking about here, honourable senators, is not a new equation involving the forces of economic freedom and democracy on one side and social equity on the other. After all, as Raymond Aron, the eminent French writer, has pointed out, in liberal societies both forms of freedom must co-exist: the individual's right to express himself freely and to act freely and the state's prerogative to provide the neediest with the means to exercise their recognized rights.

Just as it is not easy to determine what social justice requires in terms of satisfactory distribution of income, wealth and power to meet the demands of equity, it is perhaps even more difficult to imagine and implement what James Buchanan calls a political technology that is capable of providing for the actual transfer of wealth from the richest to the poorest in our society.

In this respect, we must admit that the efforts of our welfare state to achieve genuine redistribution have failed. The distribution of personal income in Canada is practically the same as it was forty years ago.

All is not lost, however. Honourable senators, new political economics have managed to dissect the dynamics of political and bureaucratic processes. As a result, we are better able to

understand why the altruistic goal that was the basis of the welfare state in the forties, namely to tax people on high incomes and transfer this money to the neediest, was not achieved. I suggest it is now possible to take a second and more serious look at this principle of the universality of certain social measures.

Profoundly affected by the Depression, Keynesian by training, observer and artisan of the development of the welfare state but, today, more inclined to question some of its achievements and especially some of its disastrous effects, our generation now has the duty, not to shift the responsibility to the next generation but to deal with the new situation with all the lucidity it demands.

The same critical approach should be our guide with respect to the state-run corporations that have been created for any number of reasons during the past twenty or thirty years, whether we are talking about the oil industry or other sectors. The federal bureaucracy has now reached such proportions that we have every reason to doubt its effectiveness and accountability: 180 agencies, more than 1,000 programs and services, 50 crown corporations with a total of 75 branches, more than 200,000 civil servants and over $100 billion in budget expenditures. These figures, and I have not even mentioned the regulatory aspect, paint an eloquent picture of the extent of state intervention in our lives.

[*English*]

Much soul-searching has taken place during the eighties. When I was a student at Harvard in the summer of 1949, the following question was raised in a course on comparative economic systems: "Can socialism work?" And I remember Schumpeter's answer: "Of course it can."

During the forties and fifties Ottawa, like Washington and London before it, built a welfare state. During the sixties the provinces introduced their own measures. Then, for a variety of reasons, the system appeared to run out of steam during the seventies, to the point where it was very much in vogue for members of the media in the western world to ponder the outcome of the competition between the free enterprise system and the bureaucratic collectivism of the East Bloc countries. A 1975 editorial in *Time* magazine asked the question: "Can capitalism survive?"

[*Translation*]

Then came the crisis of the early 1980s that I was referring to a moment ago. At a time when the United States, Western Europe and Japan were catching their breath to begin another stage of progress, the answer to the question finally came: first from China, then in 1988 from Russia itself, which decided that in spite of everything, competition is better than monopolies, thereby radically changing the official attitude of over 50 years.

But, honourable senators, this should not hide our own difficulties from us. Although the ideological pendulum, here as elsewhere in the West, is swinging towards a realignment of the respective roles of the state, the market and the family, accentuating the roles of these last two institutions that must not lead us to believe that problems will be solved as if by magic, no more than a realignment of the respective roles of the federal government and the provinces could or would overcome all the challenges facing the Canadian federation.

For beyond the change in political culture, other even more decisive factors enter into policy change. In particular, they are the domination by interest groups, their often exaggerated influence because of the rules governing our democracy. I am thinking here of such things as decisions made by a 51 per cent majority, the costs of expressing popular preferences, the managerial discretion of public officials, which all make for centralized political decision-making and increasing state power.

Even in the United States and England, which have had right-wing governments for the past ten years, the English magazine *The Economist* in recent issues describes the constant addition of new government standards and ever more regulations. Gary Becker was quite right to warn us that lacking public funds, some leaders no longer resist the temptation to pass the burden on to business by means of regulations.

In conclusion, honourable senators, I would like to pay tribute to those who have the overwhelming responsibility of guiding our political destinies both in the provinces and in Ottawa and to wish them lots of courage. Being, together with my colleagues recently appointed to the Senate, in some way a product of the federal-provincial cooperation ushered in by the Meech Lake Accord, I wish to thank the Government of Quebec, and in particular its leader, Mr. Bourassa, as much as the federal government, and in particular its leader, Mr. Mulroney, for calling on me to sit with you. I hope that I will meet the demands of working in the Senate, which is often challenged, certainly misunderstood, maybe reformed, but whose importance seems to me beyond any doubt for the prosperous future of this country and our society.

• (1610)

[*English*]

Hon. Allan J. MacEachen (Leader of the Opposition): Before moving the adjournment, I am tempted to make some preliminary remarks—

Senator Frith: Oh, please do!

Senator MacEachen: However, I will spare my colleagues that possibility today. I will not disturb the rather placid, tranquil and complacent attitude that has been created by the two previous speakers.

On motion of Senator MacEachen, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 5, 1989

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

Prayers.

POVERTY IN CANADA

SENATE REPORT ON POVERTY—POVERTY LINE UPDATE, 1987 PRINTED AS APPENDIX TO *MINUTES OF PROCEEDINGS*

Hon. David A. Croll: Honourable senators, I rise on a matter of personal privilege. Yesterday I made a motion to table a document, being an update to 1987 of the poverty line, and it was my wish that it be printed as an appendix. Senators agreed to my motion, but it would appear from today's *Minutes* that it was not printed. I should like to make sure that the report is printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of Update see today's* Minutes of the Proceedings of the Senate.)

COMMITTEE OF SELECTION

FIRST REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, April, 5, 1989

The Committee of Selection has the honour to present its

FIRST REPORT

Pursuant to Rule 66(1)(*a*), your Committee nominates the Honourable Senator Molgat as Speaker *pro tempore*.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted

SECOND REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, April 5, 1989

The Committee of Selection has the honour to present its

SECOND REPORT

Pursuant to Rule 66(1)(*b*), your Committee submits herewith the list of Senators nominated by it to serve on the following select committees:

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Barootes, Bolduc, Corbin, Guay, Kelly, Kenny, LeBlanc (*Beauséjour*), Lefebvre, Lewis, *MacEachen (or Frith), Marchand, McElman, *Murray (or Doody), Nurgitz, Phillips, Rossiter and Wood.

* *Ex officio* members

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators, Bazin, Beaudoin, Bosa, Doyle, Fairbairn, Frith, Hays, Kelly, LeBlanc (*Beauséjour*), *MacEachen (or Frith), *Murray (or Doody), Nurgitz, Stewart (*Antigonish-Guysborough*) and Stollery.

**Ex officio* members

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted

COMMONWEALTH PARLIAMENTARY ASSOCIATION

THIRTY-FOURTH GENERAL CONFERENCE, CANBERRA, AUSTRALIA—NOTICE OF INQUIRY

Hon. Heath Macquarrie: Honourable senators, I give notice that on Tuesday next, April 11, 1989, I will—and I am not using the word "shall" which ungrammatically was in the forms for many years—call the attention of the Senate to the Thirty-fourth General Conference of the Commonwealth Parliamentary Association, held in Canberra, Australia, from September 14 to 25, 1988—which conference featured such notables as Senator Petten and myself.

Senator Frith: Wilfully proposed!

[*Translation*]

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—NOTICE OF INQUIRY

Hon. Paul David: Honourable senators, I give notice that on Tuesday, April 18, 1989, I will draw the Senate's attention to research on the evolution of health care costs in Canada and its consequences and to the need to establish a committee or subcommittee to examine the question.

[*English*]

CANADA-UNITED STATES FREE TRADE AGREEMENT

FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO MONITOR AND REPORT ON IMPLEMENTATION AND APPLICATION OF IMPLEMENTATION ACT

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Foreign Affairs be authorized to monitor and report on the implementation and application in both countries of the Canada-United States Free Trade Agreement Implementation Act, as well as on any other related trade developments;
>
> That the papers and evidence received and taken on the aforesaid subject before the Committee during the Second Session of the Thirty-third Parliament and the First Session of the Thirty-fourth Parliament be referred to the committee.

If leave is granted, I will give a one-sentence explanation about this motion.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, this is the renewal of a mandate given to this committee in the First Session of the Thirty-fourth Parliament.

Motion agreed to.

QUESTION PERIOD

VIA RAIL

AVAILABILITY OF SERVICE—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, I would not like to disappoint Senator Barootes.

Senator Frith: The guardian of Question Period!

Senator Olson: I know that he wants to hear the explanation about—

Senator Doody: No; we want to hear Senator MacEachen!

Senator Olson: —the conversion, the profound change since 1984 in VIA Rail such that we are now hearing statements from the Prime Minister, for example, like "Use it or lose it!", and that sort of thing.

I am not trying to argue today that it should or should not be changed, but there has been no apparent change since 1984 that would call for the drastic reduction in VIA Rail service that apparently the government is contemplating. There is some importance in this too, honourable senators, because quite a few isolated communities do not have any other services in place if VIA Rail service is cut completely. Those communities have a right to hear from the government and to understand why this tremendous change has come over the government.

Up to 1984 the previous government had made some significant changes that reduced the deficit rather substantially; it went down to something under $400 million. When this government came to office, or when it was trying to get into office, some progress was made about restoring all the services that had been cut, and so on, the consequence being that the deficit was run up to over $600 million. In fairness to the people who do have to use this service and have no alternatives, perhaps we could hear from the Leader of the Government. This conversion is, as Mr. Diefenbaker used to say, the greatest conversion since the conversion of St. Paul on the road to Damascus. Maybe Senator Flynn will remember that too.

Senator Flynn: Your leaving the Social Credit Party was not bad also!

Senator Olson: Well, there are some great conversions that have taken place, but usually there is a reason. If Senator Flynn cares for me to give him an explanation, I am ready to do so. However, there are also some people who need the VIA Rail service. Some people use it for commuting to work, and there are isolated communities where there are no alternatives. Perhaps the Leader of the Government could tell us why there has been this great change in just these four years.

Hon. William M. Kelly: Honourable senators, may I rise on a point of order?

Senator Frith: You always can.

Senator Kelly: Honourable senators, I am still relatively new here, but I am trying to understand whether rules 20(4) and 20B, on pages 9 and 10, respectively, of the red book apply. For example, rule 20B states:

> A preamble to a question, whether it is asked orally or in writing, is out of order.

When does a preamble become a preamble? I guess that is the question I am raising.

• (1410)

Senator Doody: When it is given by Senator Olson.

Senator Kelly: I am a great admirer of Senator Olson's, as he knows, and my remarks are not personal in any way. However, rule 20(4) reads as follows:

> A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

I, for one, am becoming increasingly confused on how we interpret the words "brief" and "preamble", and I am wondering if we could regard the rules a little more seriously, out of respect for all of our colleagues in this chamber.

Senator Olson: I have no objection to Senator Kelly's attempting to get an explanation. However, a number of senators with much more experience than I have said that the Senate usually functions better when it disregards the rules and does what seems sensible. In fact, Senator Flynn said that a thousand times when he sat over here. Also, the chairman of the Standing Rules and Orders Committee, Senator Molson, almost always introduced changes to the rules with the thought that I have just conveyed to this chamber.

If Senator Kelly wishes to tighten up the rules of this chamber so that everyone maintains some sort of rigid interpretation of what is in that red book of rules, I encourage him to go ahead. However, I would say to him that it would not augur well for the Senate if that were to happen. After all, before too long, perhaps within a year or two, you fellows will be over on this side of the chamber and then Senator Flynn will have to teach Senator Murray some of the tricks that he knew when in opposition. Of course, Senator Murray himself was pretty good at it too when he was over on this side. However, if this is the kind of rule change or behaviour change that you wish—

Senator Flynn: Order, order!

Senator Frith: Senator Olson is speaking to Senator Kelly's point of order. He can speak all afternoon on a point of order if he wants to.

Senator Doody: It is more interesting than the preamble!

Senator Olson: Honourable senators, quite frankly, I really do not believe that Senator Kelly wants a change in behaviour in this chamber.

In any event, perhaps the Leader of the Government can now get down to the serious business of giving some guidance to the people who rely on VIA Rail as to what this conversion is all about. We know about the $600 million deficit, but we also know that that did not bother your government at all some three or four years ago when you restored some services. I can give you an example in the run from Winnipeg to Edmonton to Vancouver. That run is being used a whole lot less now. What are the reasons for this conversion? Is it just that you have misplaced your rose-coloured glasses, or do you have some intelligent explanation with respect to this conversion?

[Senator Frith.]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Olson speaks of a conversion, and he cites as his evidence the injunction of the Prime Minister at Meech Lake a couple of weeks ago to "Use it or lose it!" The fact of the matter is that that does not represent a change in policy at all. What the Prime Minister was doing at that time—and said he was doing—was quoting the former Minister of Transport, Mr. Mazankowski, who said the same thing almost three years ago.

Senator Olson: That, however, is not what Mr. Mazankowski said four or five years ago, because he went about western Canada at that time telling everyone—

Senator Flynn: What is this?

Senator Olson: Senator Flynn, as Senator Kelly has said, you need a little preamble, otherwise you do not understand the question.

Senator Barootes: And you do not understand the answers when they come!

Senator Olson: Honourable senators, that is just about the most bullying type of statement that can be made. If the Prime Minister has any knowledge at all of these isolated communities who use VIA Rail, he knows very well that those communities—

Senator Flynn: Order!

Senator Olson: —cannot use VIA Rail sufficiently to cover the deficit. If that is the philosophy that this government intends to use with respect to the rail service to all of those communities who rely on the railway—and, indeed, the commuter service where they really rely on the railway—then it would be interesting to know that.

Senator Flynn: Order!

Senator Olson: I would merely like the Leader of the Government in the Senate to confirm that the attitude of this government is that you intend to bully these small communities with respect to this matter. If it is, then it is no excuse at all, because the situation with respect to the railways has not changed for the last 20 years.

Senator Murray: Honourable senators, surely the honourable senator will agree that affordability of passenger rail service is a major issue that must be addressed by the government, especially in those areas where passenger rail services are greatly under-utilized and/or where there are alternative modes of passenger transportation.

Senator Olson: Honourable senators, I have a supplementary question. The fact of the matter is that there are no changes that I know of under which all of these events could have taken place since 1984. Is that the reason that the government has finally smartened up? Do they understand what the real world looks like now? Is that all there is to it, or is there some important, significant, substantial reason to have changed so profoundly since 1984? The government and the Leader of the Government must remember that they promised to increase the services and they did in one or two areas.

Senator Murray: And said, "Use it or lose it!" Mr. Mazankowsi said that much.

Senator Olson: He did not say that prior to whatever date the election was. On September 4, 1984, he did not say, "Use it or lose it!" That is something new that has come along.

Senator Flynn: Is he going to make another speech?

Senator Murray: Perhaps I misunderstood the honourable senator. I had thought that he was pleading in his opening question for a continuation of passenger rail service.

Senator Olson: No, I wasn't arguing that!

Senator Murray: Now, it appears that he is agreeing—

Senator Olson: No, no, no!

Senator Murray: —that considerable cutbacks need to be made. Perhaps I can close off the exchange by drawing his attention to the words of another distinguished former Minister of Transport and former chairman of the Canadian Transport Commission. I refer, of course, to the Honourable J.W. Pickersgill—

Senator Doody: A great Canadian!

Senator Murray: —who in an article in *The Citizen* on June 1 last said:

> In 1977 the government decided to relieve the railways of responsibility for passenger service and entrusted that service to a Crown company to be called VIA Rail. VIA Rail has been a financial failure. From 1985 to 1988 VIA Rail received from the Treasury more than two billion dollars.
>
> And what have we got in return? VIA Rail carried 5,865,000 passengers in 1987, scarcely more than 16,000 a day. It has about 7,500 employees. The 16,000 passengers are not even different because many passengers travel twice on the same day. In 1987 the taxpayers—

I emphasize "the taxpayers"—

> contributed about $100 for each passenger carried. By contrast the passengers pay the full cost of intercity motor bus service.
>
> If passenger trains continue in service most of the cost must be borne by the Treasury at well over half a billion a year. Yet passenger trains are not essential.
>
> Surely the right policy would be to abolish rail passenger service as fast as possible. VIA Rail adds substantially to the federal deficit—and it is still growing.

Honourable senators, without necessarily endorsing the conclusion of the Honourable J. W. Pickersgill or subscribing to everything that he has said in his argument, I thought it was important to put that on the record in order to balance some of what we have heard this afternoon.

Senator Frith: If a deficit is the test, then the government is also a failure!

Senator Olson: Honourable senators, the Leader of the Government has obviously completely missed the purport of my question. I had asked him what had changed. We knew already all of what he has just read. It can be written out in different ways, but that deficit has been there a long, long time. I should also remind the leader that a number of studies have been made about passenger service in Canada and there are some recommendations respecting such things as categorizing the company according to its commuter service, its transcontinental service and various other things, and allocating funds for these categories, if the company is to continue. However, that is not what the government said. The government said that the company had previously been mismanaged.

Today there is a long article in the *Globe and Mail* about some other people who have been appointed to the board of directors of VIA Rail since 1984, which could lead one to believe that there has been gross mismanagement to an even greater extent than whatever it was before 1984.

• (1420)

I would like the Leader of the Government to tell us whether or not he endorses the kind of argument they made in 1984, that there was mismanagement, and whether changing the deficit from $400 million to $600 million per year is an indication of improving the management of that service.

Senator Murray: What the former Minister of Transport, Mr. Mazankowski, said was that the government was standing behind VIA Rail, was adding to its capital, and was encouraging it to provide better service. I have no doubt that the management has tried, and certainly the employees have tried, as anyone who has travelled on VIA Rail—as I have done, as a non-revenue producing passenger like my honourable friend—would recognize. An effort has been made all round, certainly by the employees and certainly by the government.

We are now considering VIA Rail's situation in light of the public response over the past few years and in light of the obviously unenviable fiscal situation in which the government finds itself. I cannot go further than that today.

HORNER REPORT—GOVERNMENT ACTION

Hon. Joseph-Philippe Guay: I have a supplementary question for the Leader of the Government in the Senate.

I am sure we are all familiar with the very good report prepared by Dr. Horner, which, if implemented, I believe, would have encouraged people to use the services of VIA Rail. It is my understanding that that report was presented to the government a couple of years ago, and I should like to know whether or not cabinet seriously studied the report or if it just

left the report lying around. I believe it is important to know whether that report was considered.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I was not a member of the ministry when Dr. Horner's report was presented to the government.

In any case, the facts of the situation are that the previous government, when Mr. Pepin was minister, abandoned or effectively cancelled a number of passenger routes, and when the present government took office those were restored at the direction of the government. Various other steps were taken by the government to support VIA Rail in the hope and expectation that that company would become a financial success and would receive sufficient patronage from the public to justify the direction that the government had taken and the increased investment that the government had made in the company. We are now considering the results of that exercise.

AVIATION SAFETY

PEARSON INTERNATIONAL AIRPORT, TORONTO—GOVERNMENT ACTION

Hon. Jerahmiel S. Grafstein: Honourable senators, I should like to address a matter of pressing national importance to the Leader of the Government in the Senate.

The Canadian Aviation Safety Board has made an unprecedented interim report condemning the air safety standards at Pearson International Airport. By law, the Minister of Transport is not required to respond for 90 days. However, we are told in recent press reports that a number of near airplane misses happened within a period of several days that could have had disastrous effects for the travelling public, including the members of this chamber and the other place as well as ministers of the Crown.

It is not my intention to exaggerate these unfortunate circumstances, but this critical safety board report is, in my view, probably the worst condemnation of air safety standards in living memory directed to a federal ministry responsible for air safety. There has never been anything so dramatically critical, to my recall, in the last two decades dealing with air safety in Canada.

Obviously, this may not be the best place to challenge the government with respect to appropriate responsibilities of a minister of the Crown in the circumstances; that, I think, is the responsibility of the other place; but I would ask the Leader of the Government in the Senate if he would respond as quickly as possible on steps being taken to address the terrible situation affecting air safety at Pearson International Airport. The report in today's *Globe and Mail* is the most frightening report of its kind that I have seen in the last 20 years or so that I have been following these issues.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have not read the report to which my friend refers and, therefore, cannot vouch for its authenticity. I will ask my colleague, Mr. Benoît Bouchard, for a report and will convey it to the Senate at the earliest opportunity.

[Senator Guay.]

SPEECH FROM THE THRONE

OMISSION OF MENTION OF HIGH INTEREST RATES AND OF ACQUISITION OF NUCLEAR SUBMARINES—REQUEST FOR STATEMENT

Hon. Stanley Haidasz: Honourable senators, I have a question for the Leader of the Government in the Senate. As he should well know, there were grievous omissions from the Speech from the Throne. Firstly, there was no mention of the urgent and important national issue of the ominous interest rates that are adversely affecting many Canadians and about which our western premiers are very much concerned. Secondly, there was the omission of any mention of the proposed acquisition of nuclear submarines. Would the Leader of the Government in the Senate kindly be forthright and make a comment on these matters?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not know what statement the honourable senator was expecting from the government on the matter of nuclear submarines. He will know that the subject was covered in the white paper tabled some time ago by the then Minister of National Defence, Mr. Beatty. If there were any further statement to be made on that matter, it would be made by the present Minister of National Defence, Mr. McKnight.

As to the question of interest rates, I can only say that it would seem to me to be a subject that would be more properly treated, if it is to be treated at all in a policy sense, in the forthcoming budget of Finance Minister Wilson. I observe in passing, however, if I read correctly what the Governor of the Bank of Canada has been saying on this subject, that, if we in Parliament do our part to get the fiscal situation well under control and reduce the deficit, this will enable the central bank to ease up on interest rates. At least, that is how I read the public declarations of the governor. Therefore, I expect Senator Haidasz and other members of this place to be fully supportive of the efforts of the Minister of Finance in that respect.

Some Hon. Senators: Hear, hear!

[*Translation*]

NATIONAL REVENUE

UNPAID INCOME TAX—EXCESSIVE INTEREST RATE

Hon. Azellus Denis: Honourable senators, I have a question for the Leader of the Government in the Senate.

This morning, I received a notice from Revenue Canada Taxation and I suppose that you all received it. It reads in part as follows:

> Revenue Canada Taxation has announced that the rate of interest prescribed for unpaid taxes and tax overpayments is 12 per cent for the next quarter.

Does the government not find this decision usurious? Does the government not think that it is a bad example to give those who want to limit interest rates?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, some taxpayers are rather slow in paying their taxes. We do not want these taxpayers to benefit from delaying.

The 12 per cent interest rate does not seem unreasonable to me, given the current interest rates in the country.

Senator Denis: The interest rate is not excessive for you, but it may be for those who are less fortunate, those who cannot pay their taxes in full.

You know there are hundreds of thousands of such people and they already have enough trouble paying the small amount of tax they are charged without also having to pay an almost usurious rate of interest. That is the expression to use in this case. Furthermore, this directive is complicated. It says:

. . . 12 per cent for the next quarter.

Does this mean that later, the interest rate will be higher, lower or the same?

This rate is in effect from April 1 to June 30, 1989.

It is always complicated when you want to make people pay. It would be good if you gave us some details, such as what is meant by:

. . . 12 per cent for the next quarter.

Is the rate 12 per cent net or 12 per cent on a daily basis? Is it 12 per cent only for one month? In any case, this rate of interest is almost usurious.

Therefore, I would like the government to review, if possible, this interest rate, which is a bad example for those who want to slow the rise in interest rates.

Senator Murray: Honourable senators, my friend Senator Denis claims that it is the less fortunate who are slow paying their taxes—

Senator Denis: Yes, Senator Murray.

Senator Murray: Now, that is not the case, in my experience.

In any event, the interest rate that the government charges those who are late rises and falls with the bank rate.

If honourable senators wish to have more information on this subject, I shall inquire of my colleague, the Minister of National Revenue, and report back to the Senate in due course.

Senator Denis: The honourable minister has not answered my question. Nevertheless, when unpaid taxes are owing, it is the poor who will pay interest. It is their money that will be used to pay this higher rate of interest. However, if too much tax has been paid, the government can afford to pay it back. It has the wherewithal because it uses the taxpayers' money. The poor person pays with his own money. That is the difference.

• (1430)

[*English*]

THE ENVIRONMENT

PROTECTION OF CANADIAN ARCTIC—AVAILABILITY OF OIL SPILL CONTAINMENT EQUIPMENT

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate and is in regard to Canadian Arctic environmental protection.

In the light of the unfortunate spill on the Alaskan coast, it would appear—and I am going purely by news reports—that the necessary equipment to contain the spill was not available in the right quantity, or the right quality, or the right type so that the spill appears to be much more serious than possibly would have been the case had the proper equipment been available. I recognize that we do not have the same degree of risk because we do not have the types of tankers travelling the Canadian Arctic at this time that are travelling off the west coast; nevertheless, there is a certain degree of risk to the Canadian Arctic at this time. We do have drilling going on in the Beaufort Sea. I believe we do have some tankers going through at certain times of the year to supply the Arctic region.

Because the Arctic is such a delicate environment, do we have the assurance of the government that either in government hands or in the hands of the private companies involved there is the right type of equipment in the right quantity available in the event of such a spill, at whatever degree of risk that we have now in the Canadian Arctic?

I recognize that this may have to be increased as the risk increases, but there is a certain amount of risk now. Do we have that protection? Can we give that assurance to Canadians?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that is a rather large question and I would want to obtain a prepared statement on the matter from my colleague, the Minister of the Environment, and I shall do so.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

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

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to thank and congratulate the mover and the seconder for launching the debate. Both speakers gave thoughtful contributions to the debate and set us on our course very well indeed. I, of course, tried to find common

ground with the mover and the seconder so that I might be as gentlemanly as they were in my opening comments.

After having examined their speeches, I find one ground which I do share with them, and that is the congratulations which they offered to Your Honour on your reappointment to the Chair. Senator Ottenheimer promised you, Your Honour, cooperation and loyalty, and I certainly would do the same; however, I would first like to have the implications of the expression "loyalty" interpreted for me.

Now, I was interested in how differently the two speakers saw the Speech from the Throne, so there will be no surprise if I see it differently from either of them. Senator Bolduc, in his comments, stated:

> ... the Speech from the Throne provides us with a program of action which fully meets the challenges of the nineties, the last decade of this century.

So we have a "program of action". Senator Ottenheimer saw it differently. He thought it was rather philosophical, filled with principles, and given at a fairly conceptual level with very little detail. So it was hardly a program of action for Senator Ottenheimer.

I thought that either the mover or the seconder might have explained to us why the Speech from the Throne did not make any reference to the normal requirement of Her Majesty for supply. There is no reference in this Speech from the Throne that the Crown will be coming to Parliament for supply.

Senator Murray: Rest assured it will!

Senator MacEachen: I think it is an historic omission from any Speech from the Throne. However, I gathered from yesterday's speeches that both the mover and the seconder found great favour with the Speech from the Throne, whether it be regarded as a philosophical document, as it was by Senator Ottenheimer, or as a program of action, as found by Senator Bolduc. For myself, it is the first inkling of what the government intends to do with its new mandate, and it is only an inkling. We will know more when the fiscal plan and the budget come forward from the Minister of Finance. In the meantime, we are, to some extent, groping for an insight into what the true intentions of the government will be.

This is the fourth consecutive Speech from the Throne from the present Conservative government. We may search diligently for what its plans are and come up with only vague statements of intention, but there is one thing we do know—that is that we cannot be quite sure that what the government says it will do will turn out to be what it actually does. If the previous four years are any indication, the government has shown remarkable consistency in taking a course of action at complete odds with what it has previously proclaimed to be public policy.

● (1440)

Though great emphasis was placed in the speech on the fiscal and economic health of Canada, I wish to begin by examining its political health. In 1984 the government promised "reconciliation and national unity". That grand phrase has been dropped by the government, no doubt in an attempt to adjust its vocabulary to its modest attainments. The Conservative government vowed in its first Speech from the Throne to bring harmony to this land. "A priority goal of my Ministers will be to breathe a new spirit into federalism and restore the faith and trust of all Canadians in the effectiveness of our system of government." So stated the Speech from the Throne. Well, I do not think it is necessary to comment on the matter of "faith and trust" during the past four years. The record, as revealed in *Hansard*, in the press and in court documents, speaks for itself. I only observe that when the Prime Minister admitted, during the televised debate in November, that he did not do as well as he should have in "moving more swiftly to depoliticize what are called Governor-in-Council appointments", I found that no one disagreed with him.

In 1986 "reconciliation and national unity" had been renamed "national reconciliation", and, incidentially, no longer was there any mention of faith and trust in government. Even the Conservatives realized that any mention of faith and trust would bring with it only ridicule. What faith and trust can Canadians have, for example, in a Minister of Finance who assured Canadians in November that the treasury was awash with funds in the form of reserves, and today is talking in crisis tones about the fiscal state of the country? Of course, on Monday we had the 1989 version of "national reconciliation"—a more modest term, not an action term; it is now "Canada's national identity". Well, is the selection of a new term an indication from the government that reconciliation is now complete, or does it show that the government wishes to forget the failures under the rubric of national reconciliation?

What of the last four years? Well, Meech Lake, which was to be the crowning jewel for the government, is in danger of becoming its crown of thorns. The chances of ratification are certainly not bright. The government refuses any modifications—it is totally stiff-necked in this regard. The seamless garment cannot be returned to the dressmaker for restitching before the bride is taken to the altar. In the meantime, of the ten premiers who put their signatures to the agreement only six remain, and, as often as not, the successors have expressed serious reservations about what was concluded. Perhaps the Leader of the Government, in his reply, can remove the impression I am creating that the chances for ratification are not bright.

In 1984 the government also made another profound commitment. In the words from the Speech from the Throne, the government proclaimed its commitment "to ensuring that the equality of the two official languages—so vital to our national character and identity—is respected in fact as it is in law." The *Oxford Dictionary* definition of "ensure" is to "make certain". The government committed itself to make certain the equality of the two official languages, so vital to our national character and identity.

Has this commitment to ensure and make certain the equality of the two official languages been fulfilled in Canada? There was hardly a mention—just a mention—of this in the Speech from the Throne, but, judging by the recent contro-

versy over languages, the answer would appear to be no, the commitment has not been fulfilled.

When Premier Bourassa announced that his government would utilize the "notwithstanding" clause in the Constitution, the federal government displayed first an eloquent silence and then a cacophony. The Prime Minister, while declining to comment directly on the matter, did find words to blame the previous government for his troubles. When in doubt, when in a box, when lacking an answer, blame the previous government. One would think it had become rather stale after these glorious years of Conservative rule, but that is the Prime Minister's frequent tactic and which he again used when he said:

> My regret is that in 1981 and 1982 the Government of Canada deemed it appropriate to surrender a "notwithstanding" clause which allowed the various provinces of Canada to override fundamental rights.

I must say that his colleague in the government, Senator Murray, was equally equivocal, hardly taking a posture that would make certain, in accordance with the early commitment, the equality of languages in Canada.

> The "notwithstanding" clause is there.

To use a gesture typical of St. Laurent, "It's there."

> "It is incompatible with (human rights guarantees) but nevertheless it is there . . . You cannot rush out to condemn a government that makes use of it."

So said Senator Murray.

Well, why not? That is what I would like to know. Why can't you condemn a government that makes use of a "notwithstanding" clause which, in the words of the minister, is "incompatible with human rights"? Maybe we could have an explanation.

We ask again what happened to the commitment in the 1984 Speech from the Throne to ensure or make certain the equality of the two official languages. Well, the Prime Minister, who showed great reluctance to tackle the issue head on, did eventually muster up enough courage—or whatever—to give Canadians a general overview of his thinking, and it was as follows:

> Anything that offends against the Charter is something that I find unsatisfactory, both as a legislator and a Canadian.

While the Prime Minister resorted to generalities, his Secretary of State, the Honourable Lucien Bouchard, dealt in specifics, claiming that the opting-out clause is "essential for the survival of certain fundamental Quebec values" and that the "notwithstanding" clause is "one of the powers that Quebec has kept and it is essential for its survival." When questioned about the apparent contradiction, the Prime Minister claimed, "There is no contradiction whatsoever", and rhetorically asked, "Now, are there differences concerning nuances?" Apparently, the answer was yes, because in short order the minister was gone. All I can say is, "Some nuance"—powerful enough to dethrone the hitherto, shall we say, invulnerable former Ambassador to France.

• (1450)

When Gerry Weiner replaced Mr. Bouchard as Secretary of State, he expressed the view that, although Quebec should not have used the "nothwithstanding" clause, he had no difficulties with the position taken by his predecessor. He said the following: "I have said that Mr. Bouchard is correct in what he has had to say and I do not disagree with what he said."

Later in the same interview he said, "I have found, in essence, both positions to be correct and I'm trying to find areas of agreement and cohesiveness in both positions." Of course, when asked how can both positions be correct, he replied, "Well, it is my reading of it, of course."

We know the Prime Minister's overview; we know Mr. Bouchard's contrary but direct position; and we know the Secretary of State's "both sides are right" position. I would now appreciate the position of the minister responsible for federal-provincial relations. Will he choose door number one, door number two or door number three, or is there a door number four behind which lurks the conviction that Messrs. Mulroney, Bouchard and Weiner are all right?

I can only say, honourable senators, that it appears that, when principles have political costs and when commitments have political costs, they are found to be unaffordable by the Prime Minister. What is perhaps most lamentable about this subject is that, when Mr. Mulroney was opposition leader and spoke in favour of a House of Commons resolution calling upon the Manitoba government to extend French language rights, he had no difficulty in proclaiming his non-negotiable commitment to the protection of minority language rights. Speaking of the francophone minority in Manitoba, he said:

> I think of them and I salute them for their dignity and their courage . . . There can be no doubt where I stand. There can be no questions as to where the obligation of a national political party lies. It lies today, as it shall tomorrow, in ensuring that our minorities in Canada are treated at all times with dignity and with justice.

That quotation is from *Hansard*, February 24, 1984, pages 1712 and 1713.

Once again, the Prime Minister used the word "ensure", to "make certain". We must make certain of the equality of minority language rights.

The Prime Minister's conversion from activist to bystander occurred, however, long before Mr. Bourassa's announcement. When the Supreme Court of Canada found that francophones in Saskatchewan and Alberta enjoyed extensive historical rights in the courts and the legislatures, the Prime Minister did little to protect these rights when they were subsequently cut back by the provincial governments. The Prime Minister wrote to Premier Devine to say, "We were disappointed and would have preferred your government had done more, more quickly." There was no reference to ensuring or making certain. Of course, Mr. Bouchard concluded that Mr. Devine was "a man of good faith" and "a fair-minded man".

Perhaps the best indication of the vigour with which the federal government strove to ensure the equality of the two official languages is to be found in the words of Premier Devine, who said that he had spoken with the Prime Minister and that "he doesn't have strong criticism for me or the way we're handling this issue." That is from the *Toronto Star*, April 10, 1988.

No longer is there talk of the "courage" of linguistic minorities. No longer does the Prime Minister "salute" them for their "dignity". They have become nonentities. Mr. Mulroney's perception of the obligations of his party, his government and his office have been placed in serious question.

No wonder it is appropriate to ask, "Who speaks for Canada?" It has been left for others to advance the cause of linguistic minorities. When Mr. Turner, in the House of Commons, stated that "rights (were being) trampled in Quebec", the Secretary of State for External Affairs, answering for the Prime Minister and speaking for the government, declined to give a direct response. Canadians who expect leadership from government took no comfort from the answers provided.

Those of you who have read the *Globe and Mail* today will have noticed a statement from Mr. Peter Blaikie. He is probably better known personally to members opposite than to me. He said, and I am paraphrasing his words, that in Quebec the English-speaking minority is back to square one. "We have never been as badly off, and in this province there is a profound sense of alienation among the anglophone minority." That is what Mr. Blaikie said.

As Senator Bolduc spoke about the progress which Quebec is making in many fields, and which we all salute as being of benefit to Quebec and Canada, I would have appreciated knowing whether that profound sense of alienation which Mr. Blaikie finds among the English-speaking community is in accordance with his concept of Quebec moving down the road to modernity. Perhaps Senator Bolduc, from his experience, will give us his views on this particular question, which falls under the heading of national reconciliation. Surely there are those linguistic minorities who feel hardly reconciled to the realities of today, and perhaps that is a matter that should be examined in the context of the political health of Canada.

So that is one pillar that was constructed in 1984 by the new government and which is not now found in the Speech from the Throne.

There was another pillar called "constructive internationalism". Remember that? I remember it very well. It had evolved from "renewed Canadian internationalism" in 1984. We know that the slogan for Mr. Castro's foreign policy was proletarian internationalism. For Canada it was constructive internationalism and renewed Canadian internationalism. In both the 1984 and the 1986 Throne speeches defence, for example, occupied a prominent place, while on Monday it was conspicuously absent. There was not a mention of national defence; not a mention of the re-equipment of the Canadian Forces; not a mention of the submarine program.

• (1500)

Senator Marchand: It was submerged!

Senator MacEachen: In 1984 we heard the words, "My government is determined that Canada will again play its full part in the defence systems of NATO", and that a comprehensive review of the armed forces would be undertaken in order "to clarify the mandate of our military and to give them the resources they need to do their job."

In 1986 the government spoke with even greater conviction by stating:

> My government has taken steps to modernize and renew the strength of our armed forces and increase our NATO contingent in Western Europe.

These commitments and pronouncements, which received far less attention than they deserved, actually had their genesis in the 1984 election campaign, when Liberal achievements were denigrated and Conservative promises made.

In the summer of 1984 the then Conservative defence critic, Harvie Andre, pledged that a Conservative government not only would honour our NATO commitment to increase real defence expenditures by 3 per cent annually but would double them to 6 per cent.

For the record, in the five Liberal fiscal years between 1980-81 and 1984-85 annual defence expenditures experienced real growth rates of 5 per cent, 7.9 per cent, 8 per cent, 8.5 per cent and 9.2 per cent, respectively, calculated using the GDP price deflator for inflation. We were one of only two NATO members who met the common commitment of 3 per cent real growth for those years, the other being the United States.

Well, what we did was not good. What we did was not enough. The Conservatives promised to do better, much better, "twice as good in growth" said a member of the present government, Mr. Andre. In November 1984, after they formed the government, $150 million was slashed from DND's budget, and, when the results were in for the 1985-86 fiscal year, the real increase in defence expenditures was 0.7 per cent. So much for the NATO commitment of 3 per cent, let alone the promise to double it.

The government pulled up its socks with a 7.1 per cent real increase in 1986-87, but slid in 1987-88 to 3.3 per cent and submarined in 1988-89 to a projected real increase of minus 0.3 per cent. During their first four years in office—and just keep this in your heads—the Conservatives delivered an average yearly real increase in defence expenditures of 2.7 per cent. This compares to annual average real increases of 8.4 per cent in the course of the preceding four Liberal budgets.

When the Tories criticized the Liberal record, claiming we were not doing enough, they failed to explain that they intended to do less while promising more. As in so many other instances, the Conservative government broke its promise made to Canadians, made to those who serve in our armed forces and made to our allies. But the breaking of promises, on a world scale, was a talent for which the government showed an instant predilection. An identical script was, and is, being played out on the matter of our official development assist-

ance. In 1989 both defence and foreign aid are conspicuous by their absence from the government's agenda. Neither was mentioned on Monday; they have vanished.

An Hon. Senator: They do not have any money!

Senator MacEachen: Now, I am talking about comparative figures. But, despite the comparisons, I certainly do not belittle the expenditures which Canada is making on national defence. For the fiscal year that we have just ended the estimate is that, out of our budget, we will be spending about $11 billion on national defence. That is substantial and should not be overlooked. I have been attempting to put some reality into the record of the government, and particularly how well it has carried out its commitment over the past four years. I have taken defence because it was such an important aspect, and will continue to be, of Canadian foreign policy.

The record on official development assistance is not good. We have backtracked there despite pronouncements of the foreign minister at the United Nations, and we will probably see more of it when we get the budget. It is only within recent months that the Canadian public and the media are realizing how lackluster the performance of this government really is in the area of foreign affairs.

The field of foreign affairs is so rich in happenings, ranging from deplorable to hilarious, that the list looks like an encyclopaedia covering all letters of the alphabet: Arctic, apartheid, arms exports, East-West, francophonie, Haiti, Israel, Middle East, patronage. It would take too much time to go through the entire fascinating record this afternoon. I will do so at another time and try to pass a more complete judgment on what we have had in the past four years and assess what the government has done under the rubric of "constructive internationalism". But that is not for today. The big question at the moment is: How and by whom is our foreign policy made?

Let me illustrate by reference to what the *New York Times* and *Globe and Mail* and *Maclean's* magazine call the "case of the wobblies" over *The Satanic Verses*. If ever there was a clear expression of international terrorism, it was the Ayatollah's call for the murder of Salman Rushdie, and if there is a principle basic to our civilization, it is the right of free expression. That is why European governments, which do not readily agree on many things, unanimously condemned the Ayatollah's dictate. That is why the United States, which does not readily agree with the Europeans on many issues, readily took the same position. Not so for Canada. Joe Clark fretted and dithered. The Prime Minister's Office failed to grasp the significance of the issue when it received the complaint about *The Satanic Verses*. It sent it deep into the bowels of Revenue Canada, where bureaucrats are expected to deal with sedition, hate literature and obscenity. The book was barred from entry, pending review. In an interview with Joe Clark, Mr. Fotheringham went straight to the point when he said:

> Do you suffer chagrin from holding up to the world the fact that we have some gumshoe in Revenue Canada who decides what Canadians can read?

This is what Mr. Clark said:

> I am not apologizing. I am not ashamed of the fact that there is a provision in Canada that tries to protect particular groups against hate literature.

Mr. Clark was totally missing the point. What was at stake was not a piece of Canadian legislation, which no one puts into question, but an international affront to the rule of law and the freedom of expression. If Joe Clark was failing to comprehend the significance of Iran's move, Canadians were not.

• (1510)

For days, however, the Secretary of State continued to believe that we had to look beyond outrage and should encourage moderate leadership in Iran and avoid isolating the ayatollahs. For instance, I refer honourable senators to Mr. Clark's interview on *Sunday Morning*, just a few days before he recalled our ambassador, in which he referred to this act of international terrorism as "a statement", and that it was not an occasion that should be used to define Canadian foreign policy.

However, honourable senators, something happened, and there was an abrupt about-face and we recalled our ambassador. In fact, at the moment that Mr. Clark made the statement that we ought to be encouraging the moderate leadership emerging in Iran we know from subsequent events that took place in Iran that extremism was on the rise, rather than moderation.

So, honourable senators, there it is. With respect to this matter, how did the Prime Minister react? He said that he was "embarrassed" by the action of Revenue Canada. He said that perhaps there ought to be a change, and that these matters should not be left in the hands of the bureaucrats. Here again is another characteristic: When in trouble, blame the bureaucrats. What has happened to ministerial responsibility, and what has happened to prime ministerial responsibility? The bureaucrats were acting under the law. Perhaps the law is wrong and ought to be changed; I don't know; but surely it is not good practice for the Prime Minister, when in difficulty, to blame the bureaucrats. We know that time and time again the Prime Minister and Mr. Clark are on different courses. Presumably, if there was any one point on which they could ever agree, it would be that at times their difficulties are the fault of the civil servants.

Who, in fact, has been the architect of constructive internationalism? Has it been Mr. Clark, the Prime Minister or others? Certainly in our relationship with the United States the Prime Minister got the songs and the smiles. However, for Mr. Clark there was not much basking in the sunlight; not much caviar and—what was that delicacy that was served at that first opening banquet in Washington?

Senator Frith: Angel-hair pasta.

Senator MacEachen: Yes. None of that for Mr. Clark. We are told that he was chairman of the inter-ministerial committee steering the free trade negotiations, but, in the moment of truth, who went to "Canossa"? Not Mr. Clark. It was the Minister of Finance, the Minister of International Trade and, of course, Derek Burney. Mr. Clark, the Secretary of State for

External Affairs, who is by law responsible for international trade, was out of the action. How can he build his credibility internationally when it is seen that, when there is major action, he is not in the picture?

On the matter of apartheid, the Prime Minister was denouncing it and posturing a tough stance at the tribune of the United Nations—sanctions there would be; but Joe Clark became the whipping boy of his Southern African Commonwealth colleagues about the booming Canada-South African trade. Mr. Clark was shocked by the Israeli "violation of human rights" in the occupied territories, but the Prime Minister was praising Israel's restraint. They have not improved their act over PLO recognition. They ought to get together and decide their policy.

Both the Prime Minister and the Secretary of State for External Affairs denounced dictators and abhorrent regimes, but Mrs. Landry, who is part of the foreign affairs entourage of the minister, endeavoured to convince us that General Namphy was leading Haiti towards democracy. We know damned well what happened since that democratic evolution.

Mr. Clark at a certain point was contributing to our international credibility under the rubric of "constructive internationalism" by allowing exports of military equipment to the Chilean army. He did, however, have an imaginative solution for the Nicaraguan problem—Mr. Clark would send the Contras to Canada, but, pity, Mrs. Landry spoiled that for him. She said, "We don't accept terrorists or war criminals. The same would apply to the Contras."

Canada used to be praised for its foreign policy and leadership. I would suggest that today it is being looked upon by our international friends with puzzlement. Even the *Globe and Mail* recently printed an editorial in this regard—and that must have taken some great resolution—entitled, "Asleep at the Wheel". Let us not take my judgment. Let us take the judgment of one who cannot be taxed with Liberal opinions or NDP doctrinaire views. I am thinking of Mr. McMurtry, our former High Commissioner in London. While describing what many world leaders think of us, he spoke of one often-repeated criticism: we will seldom really stand up and be counted. He added,

> If you don't believe in the importance of counteracting all the pressures from south of the border, by strengthening some of [our] traditional allegiances, I think we are going to be poorer for it as a country."

That is what Mr. McMurtry said. I say that we have had four years of "constructive internationalism" and we are the poorer for it. We now know, thanks to the new Speech from the Throne, that during the Conservative government's second mandate we will stay poor, because there is no vision, no international perspective. We are told that we must remain competitive, that we must be concerned over pollution blighting our planet; two worthy but insufficient objectives. What about peace? What about inequities between north and south and international social and economic development? What about international indebtedness? What about terrorism? "Constructive internationalism" is gone, and our future role can be described as "carry on in that pedestrian, rather contradictory way that has been practised in the past few years."

The government ought to pull up its socks, because the world expects more of Canada. I do not believe that Canadian international creativity has gone, and I do not believe that the international well has dried up in Canada. I think this is an area which we must ask the government to review to see what can be done to establish a more solid course for our country so that we will be the richer, and not the poorer, as Mr. McMurtry has said.

Honourable senators, you must have been surprised, as I was, that there was no mention in the Speech from the Throne about the recent settlement between Canada and France on the fishery boundaries.

Senator Frith: "Astonished" is the word.

Senator MacEachen: The reason for that is embarrassment. I do not intend to go into that deal fully today, but I wonder how many more such agreements this country can stand? We gave away non-surplus stocks of northern cod, which are essential to the livelihood of thousands of Newfoundland fishermen. We got on that slippery slope in 1987 when, for the first time, we committed to France, apart from the European community, a portion of the northern cod. Now we have quantified it, and it is there forever probably. Through this agreement, we have allowed to continue a situation in which the French over-fish in waters off the south shore of Newfoundland. In fact, we have acknowledged and accepted that the French will be over-fishing by three times what our government has stated is the tolerable limit for conservation purposes. That is what is in the agreement.

Senator Frith: Some deal!

Senator MacEachen: We shall debate, I hope, this deal further in the Senate. I shall not say everything that can be said about it, but I will draw your attention to the press release that was issued by the Department of External Affairs. There is in the concluding page a statement from Mr. Clark, in which Mr. Clark praised Mr. Iglesias, who was the mediator, for getting Canada and France to agree to interim quotas. This is why he praised him. If he had praised him for his work, his contribution, I would have said, "Okay." But what did he praise him for? He praised him for the fact that he got Canada and France to agree to interim quotas. He praised Mr. Iglesias for his role in getting Canada to agree to flagrant over-fishing by the French in the disputed zone. What gaucherie! What a lack of touch! I guess he did not understand the implications. Was it necessary to enter into this agreement? I am sure that our government will argue that it was necessary to make these interim quotas in order to get the French to the table. That will be the argument, but, for goodness sake, let us not praise a man for getting us to agree to over-fishing by the French. That is what Mr. Clark did in the press release—a fine example of "constructive nationalism".

• (1520)

Let me turn for a moment to another pillar in that great structure which was put together in 1984 and embellished in 1986—that is, social justice. That was the pillar of the 1986 Speech from the Throne.

"Justice" has disappeared, at least in the headlines of the Speech from the Throne, and we have a new phrase—"a caring nation". It may be that that is an effort to imitate Mr. Bush with his "more gentle nation". We are to have "a caring nation", which is all right, but what do those words mean? Will they mean anything? What did "social justice" mean?

In both 1984 and 1986 the government used virtually identical wording in its vow to defend, to support and to "strengthen the Canadian family". If I may paraphrase one of my earlier comments in this chamber: The government undertook to strengthen the Canadian family by adding to its adversity. Having made the vow to strengthen the Canadian family, the government went on to de-index the family allowance; reduce the child tax exemption; restrict the availability of the child tax credit; and increase and expand the scope of the federal sales tax. It even abolished the Registered Home Ownership Savings Plan in its quest to strengthen the mettle of young families saving to buy their first homes. When it comes to social justice, this government's motto is, "Strength and joy through adversity." It is social Darwinism at its best. We shall, however, count our small blessings and be thankful the government did not again promise in Monday's Throne Speech to strengthen the Canadian family. I do not think it could have survived another onslaught by the government.

Another key item under the rubric of social justice in the Throne speeches of 1984 and 1986 was the commitment to establish a national child care program, a commitment first given during the 1984 election campaign. At that time Mr. Mulroney called it an "urgent problem" and declared, "Urgency here is of paramount concern." That was 1984, and it is now April 1989.

I could detail a litany of subsequent government procrastinations on child care, but that will come later. Suffice it to say, the matter was so urgent that the implementing legislation was sent to the Senate only four days before Parliament was dissolved. It did not, however, necessarily follow that the Prime Minister was not firmly and passionately committed to the passage of the bill. Less than a week earlier he had proclaimed, "We don't want Canadian women to go to work worried deeply about their children and their children's well-being."

There was more concern when the Senate referred Bill C-144 to committee the day following first reading. The Prime Minister declared: "What the Senate has done is already obstructive." We sent it to a committee. He said, "Working women need these spaces tomorrow." The tears were practically glistening in his eyes as he vowed that the final word on the matter would rest with the working women of Canada, who were "suffering substantially" because of the Senate's action. Maybe it is a bit ungracious in the circumstances, especially since the Prime Minister had such a marvellous electoral victory, to refer to the fact that his compassion was exemplified on this subject when he dissolved Parliament on October 1, 1988, rather than delaying a few hours to save the child care bill, which was to provide those places which were needed tomorrow.

Well, all right. One could argue that the Prime Minister did have a deep priority for child care and that he believed that the spaces were needed "tomorrow", but that he had other major considerations related to statecraft that called for an immediate election. So let us put that to one side.

• (1530)

What about the three months we have all been absent from Ottawa? If the child care spaces were needed "tomorrow", why were we not called back and why was the child care legislation not put through like the free trade legislation?

Some Hon. Senators: Hear, hear!

Senator MacEachen: The working women needed it "tomorrow", but, of course, the business community established the agenda for the last session of this Parliament, not the working women of Canada.

Now, is there any urgency in the Speech from the Throne with respect to child care? We do know there was an assertion that the government is committed to a "national child care program". Will the bill be introduced immediately to provide those spaces which were needed tomorrow five months ago? Will the Prime Minister's commitment, which he repeated in Summerside on October 5, 1988, to provide a child care program of $6.4 billion, be legislated immediately? After all, the Prime Minister did say, in Senator Macquarrie's home province on October 5, that the government had already legislated in the House of Commons a child care program in the amount of $6.4 billion.

Well, I would like to know the timetable. When will the legislation come in and will it carry that $6.4 billion price tag that the Prime Minister said it would? That will be some test of the rubrics, "caring nation" and "social justice".

Last October, in the pitch of the campaign, the charge was made that the Tories had a hidden agenda to cut back on social programs. It was categorically denied. Mr. Crosbie stated that any charge that the Conservatives had a plan to cut back on social programs was "complete nonsense". When asked whether he had questioned the Prime Minister about the accusation, he replied, "You're damned right I asked . . . and he said "absolutely no'." Well, judging from Monday's throne speech, that "absolutely no" has become somewhat less categorical, and there are fears about what the next budget will demand of Canadians. When the government, on Monday, promised changes to the unemployment insurance program to improve its "fairness" and to "create greater incentives to employment", I, for one, cringed. When the government uses the word "fairness", many people hear the word "Draconian".

I thought that Senator Bolduc, in a sense, was in phase with the tenor of the Speech from the Throne when he raised the question of universality. Maybe he knows what is to come. Maybe he knows that it is the intention of the government to

interfere with universality. Maybe he was chosen to reply in order to lay out, in his gentle and scholarly way, the intentions of the government, because he said:

> And what about the universality of certain social measures which provide pensions to 65-year-olds who are well off and family allowances to households with an annual income of more than $60,000 or $75,000?

It is a loaded way of putting the question, I must say, but it raises the question of universality. Will we be in a battle or a debate or a confrontation over a proposal by the government to reduce and remove the universality of our old age pension?

Senator Murray: Your cheque is safe.

Senator MacEachen: Senator Murray says my cheque is safe. Well, I appreciate that.

I want to say just a word about the theme of "economic renewal", which was the theme of the government in 1984 and 1986, and which has also been dropped. I guess renewal has been reached and we are on that plateau which can only be strengthened, rather than renewed, because the new theme is a strong economy. In 1986, under economic renewal, the government promised "to give Canadians a more efficient, competitive and safe transport system by relieving the burden of unnecessary regulations on the transportation sector". Well, I would say that there has been failure on all counts. There have been serious allegations that transportation safety has been compromised, allegations so serious that the Minister of Transport felt compelled to ask for a judicial inquiry. As for "efficient", we heard from Senator Grafstein today about the situation at Pearson International Airport, a situation which can hardly be classified as an efficient operation. I am not going to pronounce upon its safety.

When it comes to competitiveness, we have heard again from the government this afternoon, in reply to questions from Senator Olson, some comments about VIA Rail, bringing into the debate no less an authority than a former colleague of mine, the Honourable Jack Pickersgill. Presumably, Senator Murray would not quote him if he did not find some little iota of agreement with what Mr. Pickersgill has said. Maybe he can tell us today that VIA Rail is sound and safe and solid and that the maritime members of Parliament have no worries whatsoever. Maybe the proposal "Use it or lose it!" was only an expression that the Prime Minister used after a long period in that smoke-filled room at Meech Lake. Anyway, that is the expression he used: Use it or lose it!

When it comes to economic renewal, of course, one could hardly finish off without saying a word about the deficit. In 1984 and 1986 the government also promised to reduce the deficit in an orderly and fair manner. No one would disagree with that, but Senator Bolduc, who is a newcomer to the chamber, and who mentioned the deficit yesterday, must realize that $160 billion was added to the national debt in the last four years under the beneficence of this government.

Senator Barootes: It was all interest.

Senator MacEachen: We are told that we are facing a deficit in excess of $30 billion for the fiscal year '89-90. It is true that the government did make some progress in reducing the deficit in the first two years of its mandate. After that it was suddenly forgotten and the situation was stabilized, no doubt in preparation for the prospect that was coming closer and closer. Fiscal integrity took second place to political success, and when it came to the crunch the Prime Minister said, "Ease off." It takes only two people in the government to cut the deficit, the Prime Minister and the Minister of Finance, and when you do not have the Prime Minister, the Minister of Finance is cut adrift, and that is what happened to Mr. Wilson—

• (1540)

Senator Murray: Careful!

Senator MacEachen:—in his last two years in the finance portfolio.

I asked earlier in my speech how the Canadian people can have faith and trust in their institutions when the Minister of Finance tells them in November that the treasury is awash with money and then comes to raise a crisis a few months later, just when the election is over—and that is what happened. In fact, during the election campaign Mr. Wilson bragged about the healthy fiscal position of the government. While other parties were making campaign promises—and they certainly were not shirking that responsibilty—during the campaign Mr. Wilson told us that his record as Minister of Finance was so fruitful that he would never have to stoop so low as to make "campaign promises". Not him! He could make "spending commitments". Maybe his idea was that, if he reneged on "spending commitments", he would not be accused of breaking promises.

In any event, Mr. Wilson explained that the billions of dollars of Tory commitments would be met because of the flexibility of his five-year "spending track". If ever there was a play on words, that was one. He had lots of flexibility in his spending track for five years and therefore could finance all of those new commitments. He said, and I quote:

> (In those) reserves, we have sufficient money to handle the announcements that we made prior to the election and those that have been made since the election was called.

Not a word about the deficit. Who now put the defict at the top of the list? Was it the Business Council on National Issues that set the agenda, or did the Minister of Finance not know the facts during the election campaign about the state of the fisc? We will have a chance to follow this up when the budget comes down.

Honourable senators, I cannot refrain from just touching on one other new pillar that we have found in this Speech from the Throne. As the rubble of the pillars so carefully crafted in prior Throne Speeches was being swept away on Monday, the stones of another column were being laid—a monument to the environment. Aristotle had the "categorical imperative", and Prime Minister Mulroney now has his "environmental imperative". I am damned sure that the Aristotelian imperative will last much longer than the Mulroney imperative, because we know that all this speech contains about the environment is a

series of pious declarations. We are, of course, delighted that the government has decided to make the environment an issue of principal importance in public policy.

There were many pious utterances in the Speech from the Throne, and we will support the government in its policy declarations when the government comes forward and puts some substance into them.

We do know that the most glaring omission in the speech is the lack of any strategy to reach an acid rain agreement with the United States. There is just a bland promise to negotiate a treaty on acid rain, a promise made many times before.

As I listened to the—I was going to say "vacuous", but that would be unfair; I will say "soporific". As I listened to the soporific words on the sanctity of our environment in the Speech from the Throne I was reminded of one columnist's depiction of Mr. McMillan's stewardship of the Ministry of the Environment, the four-year record. The minister was described as "a sort of symbolic white knight—riding into various towns, condemning pollution, and then leaving." If the government's record over the past four years is any indication of things to come, Mr. Bouchard's stay in town will be equally brief.

When this government took office it immediately pounced on the budget of the Department of the Environment. The Canadian Wildlife Service lost $3.8 million; Parks Canada lost $18.7 million; a planned $8 million toxicology centre for Guelph was scrapped. In total, $46 million was cut and 400 positions eliminated. Environmentally important programs in other departments were either cut back or axed. The National Research Council's Environmental Secretariat and Energy Division were closed down, and energy conservation programs sponsored by the Department of Energy, Mines and Resources were cancelled.

This neglect of the environment continued year after year, and in the 1988-89 fiscal year the Estimates show that Environment Canada will experience a real growth rate of minus 1 per cent and will lose 78 person years. Positions are being chopped at the Inland Water Conservation, at Wildlife Conservation and at Parks Canada.

I think it is fair to judge Monday's words against the actions of the past. Maybe things will change, but certainly when I heard a commitment to reach an acid rain agreement with the United States I was reminded of all the failures experienced in the past. Year after year the Prime Minister went hat in hand to President Reagan only to come back with an empty hat. Though this often-repeated scene did eventually prove embarrassing to the government, as well as to Canadians, it was, nevertheless, the source of some amusement to politicians south of the border. Gerry Sikorsky, a Congressman from Minnesota, compared the acid rain discussions between Prime Minister Mulroney and President Reagan to the Peanuts cartoon characters, Lucy and Charlie Brown. Congressman Sikorski said, and I quote:

> Lucy promises Charlie Brown that she'll hold the football for him to kick but Lucy always pulls the football away and Charlie Brown is left falling on his backside.

And Mr. Sikorski concludes:

> How many times will the Prime Minister fall for it?

Judging from Monday's Speech from the Throne, he is good for at least one more.

All I can say, honourable senators, as I wish the government a bon voyage as it begins its new mandate, is that I hope the record of the past four years will not be repeated. In its first term the government failed to deliver what it had promised and imposed what it had disavowed. Commitments such as those to strengthen the family and to increase official development assistance and defence expenditures were made, but broken; pronouncements against free trade and against the privatization of Air Canada were, in turn, disavowed.

• (1550)

When I started out today I said that consistency and commitment had not been the hallmarks of the government's first term of office. I think confidence has taken a beating and trust in the word of the government has taken a beating; and it is not good when faith and trust in our political institutions are eroded. All I can say is that I hope in the next four years we will hear less preaching and posturing about "unimpeachable integrity", about "honour", about "fairness", which have been favourite expressions of the Prime Minister. I hope we hear less of that, and that we see these desirable public virtues exemplified in the conduct of the Prime Minister and his ministers.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think it is fair to conclude from what we have just heard that the honourable senator and his colleagues are not looking forward to the next four or five years in the wilderness of opposition. We have heard from the Leader of the Opposition that the government has not done what it said it would do during its first four years. Nevertheless, without rehashing the election campaign of last fall, I am bound to remind him that the record of the government was at issue before the people of Canada, and the people of Canada pronounced on it, I believe, in a very clear and unambiguous manner. This is reflected in the present representation in the elected house, even if it is not reflected here, and it is certainly not reflected in what we have heard from the Honourable the Leader of the Opposition.

If I am not mistaken, the Leader of the Opposition has spoken for almost an hour. It was a very interesting speech. If I am to match him, we will be here longer than I think honourable senators want to be this afternoon. I am getting conflicting advice from my colleagues on this side whether I should give an entire speech now or adjourn the debate, or open with a few remarks and adjourn until later. I do have some things to say in response to the honourable senator's speech, and I shall do so and then propose the adjournment of the debate until tomorrow.

Before I do that I want to take advantage of this opportunity to thank Senator Ottenheimer and Senator Bolduc on behalf of the government for having moved and seconded the Address in reply to the Speech from the Throne. I want to congratulate them both for having discharged their responsibilities so well. I think it is appropriate on the 40th anniversary of the entry of Newfoundland into Confederation that the Address in reply to the speech here should be moved by a Newfoundlander who has spent more than half of the period since Confederation active in the public life of his province and country.

Some Hon. Senators: Hear, hear!

Senator Murray: If I am not mistaken, he was first elected to the House of Assembly in Newfoundland in the year 1966. He was an adornment to that legislature just as he is an adornment to this one, and we are glad to have him with us.

I think we are also fortunate, at a time of change in and challenge to our society in Canada and elsewhere, to have in Senator Bolduc one of the most thoughtful, experienced and respected of public servants.

[*Translation*]

His speech yesterday dealt with some of the most important issues facing democratic governments today.

Mr. Speaker, I would also like to congratulate you on your appointment as the Speaker of this Chamber.

[*English*]

I could have used you a bit earlier, Mr. Speaker, when questions were being put to me regarding VIA Rail, because I well remember your distinguished role as co-chairman of the Conservative committee on rail passenger transportation in the early 1980's. Nevertheless, your presence in the Chair forbade you, not by the rules but by custom, from taking part in the exchanges that took place here. But it has been a pleasure to have served under your guidance and your presidency here for the past four years, as I am sure it will be for the next four years.

Now, honourable senators, the Honourable the Leader of the Opposition steered quite clear of any commentary on the state of the Canadian economy in his speech today. He preferred to discuss such matters as national reconciliation, national unity, the Constitution, and to deliver himself of a rather bilious, if not very substantive, speech on the subject of foreign affairs. I will come to that in due course.

It is no surprise that he avoided the subject of economic policy and of the state of the economy, because rereading his speeches of 1984 and 1986 would be embarrassing for me or even for any friend of his, so wrong and so misguided was he, so jaded and so unreliable was his perspective on those occasions. In 1984, for example, the Honourable the Leader of the Opposition was extremely skeptical, if not cynical, about the possibility of making any progress in fighting unemployment in this country. He said in the debate on the Speech from the Throne:

> There is nothing which indicates we can make further progress in reducing the high levels of unemployment in the country.

[Senator Murray.]

That was Senator MacEachen's speech in 1984.

Senator MacEachen: I still endorse that.

Senator Murray: Well, the honourable senator may indeed insist on his position—

Senator MacEachen: There was not anything—

Senator Frith: There was not anything in the speech about it!

Senator Murray: The honourable senator may insist on his position, but he does so in the face of the facts, which indicate that, even when he was speaking, unemployment had come down from 11.7 per cent to 9.7 per cent. Since then further progress on unemployment has hardly been stalled.

Senator Frith: Not because of anything the government ever promised.

Senator Murray: It is now at 7.6 per cent. The unemployment rate has gone down 4 percentage points in this country since September 1974.

Senator Frith: Because of what you said in the debate on the Speech from the Throne?

Senator Phillips: Jobs, jobs, jobs!

Senator Murray: If the honourable senator wanted to look at something really grim, he should consider the record during the last four years of the Liberal mandate, when the unemployment in this country went up by four points. The honourable senator, on that occasion, also chastised the government for not paying enough attention to the regional economies, in the Atlantic region in particular. I am here to tell him today that in Atlantic Canada the unemployment rate since September 1984 has fallen by 5.2 percentage points.

Some Hon. Senators: Hear, hear!

Senator Barootes: Including Cape Breton!

Senator Murray: I have to contrast that with the record during their last mandate, the last mandate of the Trudeau government, when the unemployment rate in Atlantic Canada, far from falling, went up by 5.7 percentage points. If the Honourable the Leader of the Opposition really wants to indulge his taste for bad news, he should look at the last Liberal mandate, when unemployment increased by 576,000 people. In the past four years the number of unemployed Canadians has fallen by 428,000.

• (1600)

In 1986 the Leader of the Opposition again made the most dire predictions, this time with regard to the economy. It is no wonder that he has not returned to the charge this afternoon with any lengthy comments about the state of this economy.

The honourable senator's credentials for prophecy are not in very good shape. In 1986 he came before this chamber and chastised the government. He perceived what he thought was a weakening in our resolve to sign a free trade agreement with the United States. "Where is the ambition", he asked, "to secure a comprehensive trade agreement with the United

States? The vocabulary is muted and the ambition has dissipated in the trade field." Well, two and a half years later the historic Canada-United States Free Trade Agreement has been negotiated by this government, endorsed solidly by the Canadian voters, ratified by this Parliament, and is three months into its implementation. Dissipated, indeed—the only dissipation has been in the political credibility and prospects of the Liberal Party, which has transformed itself from the Liberal Party into the Anti-Free Trade Party of Canada.

Some Hon. Senators: Hear, hear!

Senator Murray: I will come to the question of national unity in a moment, but if the honourable senator puts as much credence in what is said today as he did in his remarks in 1986, then he does not have much hope for credibility.

In 1986 Senator MacEachen thought he saw some evidence that the government was weakening in its resolve to negotiate an accord that would bring Quebec back into the constitutional fold. He chastised the government for insufficient determination to achieve what he called "this essential accord".

Senator Doody: Shame!

Senator Murray: Six months later Prime Minister Mulroney and ten provincial premiers had signed the accord. Since that time it has been ratified by Parliament—despite the best efforts of honourable senators opposite to sabotage it—and by the legislatures of eight provinces with 93 per cent of the population. The honourable senator's gifts for prophecy—indeed, his gifts for rational political analysis—seem to desert him when his party is most in need of them to find its way through the thickets of the wilderness of the opposition, where they have been consigned for the next four or five years.

Honourable senators, the Leader of the Opposition began his speech with some comments about the government's undertaking in the field of what was national reconciliation four years ago and what is national solidarity and national unity today. It is no coincidence that the vocabulary is somewhat different today from what it was then. There was a crying need for national reconciliation at that time. I believe it is fair to say that national reconciliation has been achieved. I think we are now in a period where we can speak and act with some confidence in the pursuit of national unity and national solidarity on the great issues that confront the country.

The honourable the Leader of the Opposition spoke of the use by the Quebec government of the "notwithstanding" clause in the Canadian Constitution for the purpose of passing Bill 178 in the National Assembly of Quebec some months ago. It should be pointed out that Bill 178 is really a less restrictive version of Bill 101, which was brought in by the Quebec government in 1976, I believe, and which passed through that assembly and into law without much comment from the federal government of the day, headed by Mr. Trudeau. I might point out that he realistically and correctly observed that the issues at stake were issues that had to be settled in the political forum in Quebec.

Let me say a word about the "notwithstanding" clause, since the honourable senator has spoken of it. It was part of a compromise to which Prime Minister Trudeau agreed at the time of the patriation of the Constitution in 1981 and 1982. I believe it is fair to say that never in the history of this country has there been a constitutional compromise of similar magnitude to that which Mr. Trudeau made in favour of the "notwithstanding" clause.

Senator Frith: Meech Lake passed it by a country mile on compromise.

Senator Murray: Mr. Trudeau has said that it gave him considerable anguish. The clause was agreed to by the federal government of the day, including the then Deputy Prime Minister, who sits with us today as Leader of the Opposition in the Senate. Perhaps one could better understand such an enormous compromise being made if it accomplished its purpose, which was to settle the political and constitutional situation in the country then existing. But it did not. The compromise was made, and Mr. Trudeau succeeded in getting only nine of ten provinces on board at the time of the patriation of the Constitution. Honourable senators, it was an enormous compromise, but also a futile one in view of its accomplishment.

The honourable senator calls upon me and upon the federal government to condemn the Quebec government for having invoked the "notwithstanding" clause when it brought in Bill 178. Let me state for the record, again, that before the bill was brought in the Prime Minister of Canada spoke to the Premier of Quebec and stated the position of the Government of Canada, urging the Premier of Quebec to respond to the Supreme Court decision in a way that would respect fully the considerations that had been put forward by the Supreme Court of Canada in its decision. After Bill 178 was introduced, the Prime Minister and I, on behalf of the Government of Canada, made the statements that are now part of the public record with regard to Bill 178. Where the Leader of the Opposition would be quite wrong would be in any attempt to show that there was an essential difference in the position that we took with regard to Bill 178 and the positions that we took in Saskatchewan and in Alberta a year earlier, in 1988, when legislation was brought in to restrict the historic rights of the French-speaking minorities in those provinces.

Senator MacEachen calls upon us to condemn the use of the "notwithstanding" clause. I have told honourable senators today, as I have told them previously, what view was expressed by the federal government and by the Prime Minister at that time. Mr. Lucien Bouchard was correct to state that, once the compromise was accepted and the "notwithstanding" clause was made part of the Constitution, it became a legitimate part of the Constitution and it is legitimate for a government to have recourse to it. Governments have done so. I have seen in the *Montreal Gazette* part of a letter which, although not authenticated, is attributed to Prime Minister Trudeau, which Mr. Trudeau sent to Cardinal Carter in Toronto, and in which Mr. Trudeau himself undertook to invoke the "notwithstanding" clause on the abortion question if ever section 251 of the Criminal Code were struck down by the Supreme Court of

Canada. I do not know of anyone who rushed to condemn Prime Minister Trudeau for that. It is part of the Constitution.

• (1610)

Senator MacEachen: Is the Leader of the Government saying that Mr. Trudeau did write such a letter to Cardinal Carter?

Senator Murray: Honourable senators, some months ago, in the *Montreal Gazette* in the Letters to the Editor column, I saw a quotation from a letter from Prime Minister Trudeau to Cardinal Carter. I have made some inquiries and I am told the letter was sent. I can look for it and find it, but the paragraph, which has never been challenged, was very clear in what it said. While I paraphrase, the intention was clear that, if the Supreme Court struck down section 251 of the Criminal Code of Canada, Mr. Trudeau would act to invoke the "notwithstanding" clause in order to restore that section of the Criminal Code. That was his undertaking. I do not condemn him for that. One is urged from time to time to invoke the "notwithstanding" clause.

You know what the position of Prime Minister Mulroney is on that matter. You know what the position of Premier Peterson of Ontario is on that matter. You know what the position of a number of other public people is on the matter. No doubt it will be discussed during the second round of constitutional negotiations, but—

Senator Thériault: The second round?

Senator Murray: The second round that will take place after the ratification of Meech Lake.

Senator Thériault: When is that?

Senator Murray: That will take place before June 1990.

Honourable senators, the "notwithstanding" clause will be discussed, but it is there. A number of provincial governments—not just Quebec, but including those governments that demanded it in 1981-82—would not quickly agree to its disappearance from the Constitution. That is a reality. So the prospects of its early disappearance do not seem to me to be very great.

Honourable senators, the Leader of the Opposition had a good deal to say about this situation, about language rights and so forth. I want to say here now, as I have said here and elsewhere before, and I believe it is important to state it for the record, that English-speaking Quebecers enjoy, and have enjoyed since 1867, constitutional rights and services that francophone minorities in much of this country still only dream of and are still struggling to obtain. I think it is very important that that be placed on the record, and I consider it rather regrettable that the Leader of the Opposition would have given, at least in tone if not in substance, a very one-sided interpretation of the language situation in Quebec in his speech today.

With regard to the responsibilities of the federal government and policies of the federal government on this matter of language, before I propose the adjournment of the debate I do want to refer to two matters that are germane to what Senator MacEachen was saying earlier. One of these matters is obviously the Meech Lake Accord so far as it touches upon minority language rights and the status of our linguistic minorities. The second matter is the philosophy, the policy and the approach behind the new Official Languages Act passed by the previous Parliament.

In both cases what we have done very eloquently gives the lie to the kind of accusation that the honourable senator was making this afternoon that there is any weakening whatsoever in resolve on the part of this government towards the protection of linguistic minorities in this country.

[*Translation*]

The Meech Lake Accord will at last help us make the Constitution a more faithful reflection of our society. The Constitution will explicitly recognize our linguistic duality, in other words, the fact that Canadian francophones and Canadian anglophones live together across this country, and, as part of this duality, the distinct identity of Quebec society.

In addition to its legal and symbolic importance, this affirmation is also a legal instrument for official language minorities. Once the accord is ratified, duality will constitute "a fundamental characteristic of Canada" which the courts will have to consider when interpreting the Constitution, including the Charter of Rights and Freedoms and its major language rights with respect to education and government services.

Furthermore, the Constitution will enshrine the role of Parliament and all legislative assemblies, including the Quebec National Assembly, in protecting this linguistic duality.

[*English*]

The Constitution will further affirm Quebec's role in protecting and promoting its distinct society, of which the English-speaking community is an integral part. Meech Lake thus means that English-speaking Quebecers will be encompassed within and protected by both the distinct society and linguistic duality provisions of Meech Lake.

Senator Thériault: Says who?

Senator Murray: Says the Meech Lake Accord.

Senator Thériault: Says who?

Senator Murray: Let the honourable senator read it, and let him try to understand it.

Senator Thériault: Says who?

[*Translation*]

Senator Murray: However, having recognized our linguistic duality, the government, as I said earlier, was determined to reflect in a new official languages act the principles it wanted to enshrine in the Constitution.

This legislation, which was passed last July with the support of all parties represented in Parliament, repeats the provisions of the 1969 legislation while adjusting them to reflect the language rights guaranteed by the Constitution since 1982.

[*English*]

I hope I have always been, and I hope I will always be, unstinting in my praise and admiration for the initiative that

the previous government took in passing the Official Languages Act in 1969, then again with the approval of all parties represented in Parliament. Much has been said about it, and there was much resistence to it here and elsewhere, although not so much in Parliament as in the governmental machinery generally. It has always been my opinion that, had that bill not been passed and had those steps not been taken, we could, over the succeeding 20 years, have lost a country.

[*Translation*]

The legislation endorsed by Parliament last July enshrines the right to receive services in the official language of one's choice in federal institutions and before the courts. The legislation clarifies the nature and extent of the right of federal public servants to work in the official language of their choice. It also ensures that in the areas of recruitment and advancement the federal public service will take care to reflect the presence in Canada of two official language communities. These measures reflect the government's desire to promote the equal status of English and French within our institutions.

However, the government wanted to go further. It was determined to make the Official Languages Act a dynamic instrument it could use to help language communities grow and flourish. In consultation with the provinces and large private organizations, the government was to promote full recognition and use of French and English throughout Canadian society.

• (1620)

[*English*]

As the minister responsible for federal-provincial relations, I am particularly pleased with what has been accomplished in collaboration with the provinces in the area of education and services.

We have our own Official Languages Act, a new Official Languages Act passed by the previous Parliament in our own jurisdiction. That act has received the support of all parties in this house and in the other house, and rightly so. That is the act and the policy that pertains to our own jurisdiction. That legislation also makes it possible for us, in areas of provincial jurisdiction, to cooperate with the provincial governments and with minority language communities to try to ensure—and I do not hesitate to use the term, nor am I ashamed to use the term—to ensure that there is some balance in the linguistic situation in this country and some justice for language minorities across the country in whatever jurisdiction they may live.

[*Translation*]

The extension and enrichment of the Official Languages in Education Program will help extend minority language education to all levels of our education system. Bilateral agreements will support projects such as the Collège de l'Acadie in Nova Scotia and a French-language college in Ontario.

Under the auspices of the Official Languages Enhancement Program, agreements set out general mechanisms for cooperation with the provinces to ensure provision of various provincial services in the minority language. Since Meech Lake and since the bill was introduced in Parliament in June 1987, New Brunswick, Saskatchewan, Prince Edward Island, Ontario and Yukon have signed this type of agreement. In Saskatchewan, for instance, the agreements provide for passing legislation and regulations in French and giving the minority greater control over its educational institutions. This is something for which the language minority in Saskatchewan has worked very hard over the years.

[*English*]

Since my honourable friend has today made himself the spokesman for the anglophone minority in Quebec, the discussions which are now going on with Quebec relate to English-speaking Quebecers' access to provincial health and social services in their language. These services are in addition to the constitutional rights which the English-speaking minority in Quebec has enjoyed since 1867. There are, of course, lingering tensions, and speeches such as we have heard today do very little to defuse them.

Senator Flynn: You can say that again!

Senator Murray: Setbacks have occurred—

Senator MacEachen: It is not that setbacks have occurred. It is not possible to quote Mr. Blaikie at all.

Senator Murray: —in some provinces.

Senator MacEachen: It is impossible that he is just a lingering phenonemon.

Senator Murray: We have never failed to address those issues when they have arisen, whether in Saskatchewan, Alberta or Quebec.

Senator MacEachen: You backed away in both places.

Senator Murray: But we can rightly take heart, as I have just demonstrated, by reference to the facts and to the record with which Senator MacEachen does not seem to be acquainted. I have just demonstrated that important progress can be and has been made in this field. We must follow through and we must remain vigilant to ensure that today's progress does not yield to complacency and to other setbacks tomorrow.

It is for this reason that the Prime Minister fully intends to continue the work that has been started. He is firmly committed to address the issue of the constitutional protection of minority language rights, in their broadest context, at the first constitutional conference following ratification of the Meech Lake Accord. These discussions could help clarify, among other matters, section 23 of the Charter of Rights and Freedoms—the "where numbers warrant" clause—on minority language rights. This issue has been very much in the news in recent times, particularly in Senator MacEachen's home province of Nova Scotia.

Honourable senators, with those remarks on those subjects, I move the adjournment of the debate.

On motion of Senator Murray, debate adjourned.

NATIONAL DEFENCE

SPECIAL COMMITTEE APPOINTED

Hon. Henry D. Hicks: Honourable senators, I had intended to seek as my seconder Senator Marshall, who was the deputy chairman of the comparable committee in the last Parliament, but since he is not here I shall name Senator Molgat as the seconder of the motion. Consequently, I move, seconded by Senator Molgat:

That a Special Committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including Mobile Command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

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

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

That the Committee report to the Senate no later than 30 June, 1989.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, April 6, 1989

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

Prayers.

DISTINGUISHED VISITOR IN GALLERY

AUSTIN MARDON OF LETHBRIDGE, ALBERTA—ARCTIC AND ANTARCTIC PIONEER

Hon. Joyce Fairbairn: Honourable senators, I wish to draw your attention to the presence in the gallery of a young Albertan who has received considerable recognition as a modern-day pioneer in the Antarctic.

Austin Mardon, from Lethbridge, was part of a six-man meteorite recovery expedition which travelled from the United States to the Antarctic over two years ago. He was the youngest member and the only Canadian on the team, which included experienced explorers from the United States, Japan, The Netherlands and Austria.

He was awarded the Congressional Antarctic Service Medal from the United States Navy, and this weekend will receive the Explorer's Club Award in New York for an expedition he undertook to the Arctic last summer.

I am sure all honourable senators would wish to congratulate Mr. Mardon on his past accomplishments while extending to him their best wishes for his future activities in these exciting frontier areas of our globe.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Roméo LeBlanc: Honourable senators, I have the honour to present the first report of the Standing Committee on Internal Economy, Budgets and Administration concerning Senate Estimates for the fiscal year 1989-90.

I ask that the Summary of the Expenditure Budget 1989-90 be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see Appendix "A", p. 54.*)

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SECOND REPORT OF COMMITTEE TABLED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's second report respecting the minutes of the meeting of the Intersessional Authority, held on March 7, 1989.

THIRD REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, April 6, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRD REPORT

Your Committee recommends for approval the collective agreement negotiated by the Senate with respect to its employees in the Protective Service Subgroup.

The most significant terms of the settlement are as follows:

a) Duration

18 months (July 1, 1988 to December 31, 1989)

b) Salary

A general wage rate increase of four percent (4%) effective July 1, 1988 and a further increase of two percent (2%) effective July 1, 1989.

c) Other benefits

(1) Shift premium

The shift premium is increased from fifty cents (50¢) to sixty cents (60¢) per hour, effective on the date of signing of the agreement.

(2) Hours of Work

Modifications have been made to the hours of work provisions to allow for the continued employment of employees during periods of recess, prorogation or dissolution of Parliament subject to the employees' obligation to liquidate accumulated vacation leave and overtime leave credits.

Respectfully submitted,

ROMÉO LEBLANC
(*Chairman*)

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

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

THE SENATE

DELAY IN PRODUCTION OF *DEBATES*

Hon. Douglas D. Everett: Honourable senators, I am wondering why we have not yet received copies of yesterday's *Debates of the Senate*. I do not have my copy, and honourable senators around me do not seem to have theirs.

The Hon. the Speaker *pro tempore:* It is my understanding from the staff that the Senate *Debates* and the *House of Commons Debates* have not yet arrived from the Printing Bureau.

Hon. Philippe Deane Gigantès: The *House of Commons Debates* has arrived, honourable senators. I have my copy in my office. It is the Senate *Debates* that have not yet arrived.

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Monday, April 17, 1989, at 8 o'clock in the evening.

He said: Honourable senators, we have had some discussions with regard to the business before this chamber. As all honourable senators are aware, there is no business coming up immediately from the House of Commons. Indeed, it may be two or three weeks before we see the first legislative items with which we shall have to deal. We are currently debating the gracious Speech from the Throne. That debate is now in progress and will continue today. Several senators on both sides of the house wish to address themselves to that topic.

We have decided that the Senate will not sit next week. Since there is no legislation before the chamber, it is felt that there is really no need to rush back next week to deal only with the motion for an Address in reply to the Speech from the Throne, and that we can do so the following week.

Some honourable senators feel that it would be more convenient to continue the debate on Monday evening. That would give those honourable senators who wish to participate an opportunity to prepare themselves. Therefore, in the spirit of accommodation, friendliness and cooperation that is coming forth at this point in our proceedings, I thought that we on this side should do our best to accommodate our honourable colleagues opposite who made that request. Certainly, we once again demonstrate our flexibility and willingness to try to get along with our colleagues opposite.

[The Hon. the Speaker.]

● (1410)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, all of the above cooperation and spirit of friendship is, of course, in response to the same demonstration on our side.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Murray, P.C.*). (*2nd day of resuming debate*)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, yesterday when I left off I had discussed, among other things, the government's policy on official languages. I had referred to the provisions of the Meech Lake Accord respecting linguistic minority provisions, which the Commissioner of Official Languages had described as a net gain for linguistic minorities. In response to what I regard as a quite unfair and inaccurate assessment of the situation by the Leader of the Opposition, whose absence I naturally regret this afternoon, I discussed the new Official Languages Act brought in by this government and passed by Parliament last July. I related how the 1988 act brought the 1969 act into conformity with the Charter of Rights and Freedoms. I had, I believe, shown how the 1988 act built upon the 1969 act in that it clarified and improved provisions of the 1969 act as they relate to individuals. I tried to emphasize that the 1988 act had added a new and valuable dimension to our legislative and policy framework in the field of official languages in that the new act deals not only with individual rights but with enhancing the status of minority language communities.

Honourable senators, I must say that in choosing national reconciliation and national unity as the basis for an attack on the government, the Leader of the Opposition is on very weak ground indeed. I do want to say a word about provincial relations in general, which I might preface by making reference to the challenge that the new government faced in coming to office in 1984. It is a matter of public record that throughout the 1970s and the early part of the 1980s federal-provincial relations were dominated by confrontation. An absolutely poisoned federal-provincial atmosphere prevailed, one that was characterized by the aggressive tactics of a federal government preoccupied with keeping the provinces in their place. Two examples that symbolize the former government's approach to federal-provincial relations immediately come to mind. One, of course, was the patriation of the Constitution in 1982, which

was done in a way that left Quebec isolated and an unwilling partner in the federation. Another was the National Energy Program, which alienated western provinces and Canadians from the federal government and pitted producing provinces against consumer provinces.

This confrontational approach to federal-provincial relations was exacerbated by the fact that first ministers rarely met collectively and, when they did, it was in an environment characterized by hostility and strained personal relations.

Senator Frith: And somebody speaking for Canada.

Senator Flynn: Oh, Oh!

Senator Murray: As a consequence, by the early 1980s the system of federal-provincial relations that had served Canadians so well in previous decades was virtually paralyzed, and this precisely at a time when Canada was entering the most severe economic downturn since the 1930s. Instead of shared purpose and effective leadership, we got petty bickering and finger-pointing with Canadians in all regions as the losers.

By 1984 Canadians had clearly had enough of governments working at cross purposes. That year Prime Minister Mulroney came to power with a strong mandate to build a positive climate for federal-provincial relations.

The government undertook initiatives designed to strengthen federal-provincial consultative mechanisms, a process which was begun in early 1985 when the Prime Minister agreed to convene annual first ministers' conferences on the economy. One can only recall the days under the previous government when first ministers called repeatedly for federal-provincial first ministers' conferences on the economy only to be told to get lost by the then government.

Senator Olson: Every sentence is just untrue.

Senator Murray: Honourable senators, following the beginning of annual first ministers' conferences on the economy, this commitment to enhanced consultation was extended to the Canada-U.S. trade negotiations when first ministers agreed to meet on a quarterly basis to report on progress in the negotiations. I believe there were ten or eleven first ministers' conferences on free trade alone during the period of the free trade negotiations.

Senator Olson: You did not have anything else to talk about. You did not do anything about the economy.

Senator Murray: I have not mentioned the numerous meetings of federal-provincial ministers on the free trade negotiations, the meetings of the continuing committee on officials or the conference calls that preceded and followed all the major negotiating sessions with the United States. This was a prime example of constructive and cooperative federalism in action.

Over the last four years increased consultation between first ministers has contributed to a better understanding of each other's priorities. Hostility and mistrust have been replaced by mutual respect and shared purpose.

Senator Olson: Wait until the April budget comes down. You will see how much trust is left.

Senator Murray: There are some quite relevant quotations that will illustrate the improvement in the overall climate of federal-provincial relations, even in the face of serious disagreements among first ministers. Certainly, when federal budgets come down and provinces are disappointed with the tenor of them, and with the expenditures in this or that field, those are areas of disagreement, of tensions and of different perspectives.

What do the premiers say about the climate in federal-provincial relations? A few weeks ago when Premier Peterson of Ontario came out of the first ministers' luncheon that was held—and goodness knows there are many areas of disagreement between the federal government and the government of Ontario and between Prime Minister Mulroney and Premier Peterson—he faced the press and his first words were, "I always feel better about Canada after these meetings." Paraphrasing him now, he said, "We have the opportunity, in spite of our differences, to come together in a sense of shared purpose." Premier Ghiz of Prince Edward Island, another Liberal premier, has said much the same thing, not once but many times. All of those involved are unanimous in attributing the improvement in the climate of federal-provincial relations largely to the leadership provided by Prime Minister Mulroney since September of 1984.

● (1420)

Some Hon. Senators: Hear, hear!

An Hon. Senator: Sure!

Senator Murray: My honourable friend, Senator Olson, of course, will have rejoiced in and celebrated some of the more tangible measures that were taken unilaterally by this government to improve the climate in federal-provincial relations at the same time that we were improving the economic prospects of this country.

Some of the most offensive features of the old National Energy Program were dismantled. New energy accords were signed in the west, in the north and in the Atlantic provinces. I know that Senator Olson, who has an interest in these matters, will have rejoiced—silently, but rejoiced nonetheless—in those achievements.

At the same time, Investment Canada was created with a positive mandate to attract foreign investment to this country.

So the record in terms of federal-provincial relations is very good; the climate for political discussion and political agreement among the partners of Confederation is very good, and this in turn has much improved the climate of investor confidence, which is an essential precondition for economic growth in this country.

There is a new maturity in this federation. There is a new and impressive capacity on the part of first ministers to work together, to air policy differences and, nonetheless, to commit themselves to shared purpose.

The spirit of shared purpose that characterized the cooperative federalism of Prime Minister Pearson allowed Canada to respond to the challenges of that day. I want to tell honourable

senators that this same spirit has been rekindled and will allow Canada to respond effectively to the challenges of the 1990s.

Yesterday, honourable senators, the Leader of the Opposition indulged himself in some fairly typical remarks about social policy and the record of this government on social policy. I suppose it is unfashionable in the Liberal circles in which he travels to state that for unemployed people the best form of social security is a job and that, over the past four years, this government's policies have helped to create more than 1.4 million jobs. I suppose that they would not be interested opposite in knowing that more than 86 per cent of those new jobs are full-time jobs, whereas over 89 per cent of the jobs created during the last Liberal mandate were part-time jobs.

Between 1984 and 1987—and, of course, some of my friends opposite would consider this irrelevant to social policy and social betterment—increased national prosperity helped more than half a million Canadians to move out of poverty and above the poverty line.

Tax reform, much maligned by honourable senators opposite and by their friends in the other place, removed 850,000 low-income Canadians from the tax rolls, while the conversion of exemptions and deductions to tax credits under this government has made the overall tax system a good deal fairer than it had been.

The income security system was extended to include 50,000 low-income widows and widowers aged 60 to 64. After a decade of debate, an agreement was reached with the provinces to strengthen private sector pension plans, place the Canada Pension Plan on a sound financial footing and improve benefits for the disabled. Improvements have been made again and again in the programs available to our veterans.

I heard the honourable the Leader of the Opposition yesterday speaking about a national child care program. I thought I detected a guilty conscience for his having led the opposition last fall in scuppering that bill. But, in any case, the commitment of the government is firm, it is reiterated. The commitment of this government to a national child care program was reiterated on Monday in the Speech from the Throne.

The Leader of the Opposition made what I correctly described yesterday as a rather bilious intervention on the subject of foreign affairs, nothing very substantive, mind you, but this is becoming a habit of the Leader of the Opposition. In rereading his speeches I found that in the throne speech debate of 1984, and again in the throne speech debate of 1986, he had delivered himself of similar bad-humoured and mean-spirited diatribes on this subject. I can only conclude that that reflects his frustration and peevishness at being out of office for another four or five years, at least.

Senator MacEachen finds our foreign policy, as he puts it, "lacklustre, pedestrian and contradictory." Compared to what, one is tempted to ask, and to look back at the eminently forgettable two tours of duty that he himself did in the Pearson Building.

[Senator Murray.]

But to come to the record of this government and to what the throne speech says, it says we will continue to be among the leaders in peacekeeping, in international development, in promoting human rights, in strengthening the UN. It clearly states that we remain committed to NATO in defending Europe.

But, honourable senators, actions speak louder than words. We have played an active role in the multilateral trade negotiations, negotiated a Free Trade Agreement with the United States, led the fight against apartheid in the Commonwealth, become a full partner in the economic consultations and management through the G-7 and the Economic Summit. We have been a leader in building la francophonie; we have joined peacekeeping forces in Iran, Iraq, Afghanistan and Namibia; we have hosted important environmental meetings, as well as three summits, la francophonie in Quebec, the Commonwealth Summit in Vancouver and the Western Industrialized Nations Summit in Toronto. That is hardly a lacklustre record. It seems to me a record of real achievement on the part of Canada in all the multilateral fora in which we participate.

It is a priority for this country—for this government, at any rate—to strengthen our relations with industrialized partners like the United States, and to continue to rebuild the relationship with the United States which was in such lamentable disrepair when we came to office. We will also work to improve our ties with the U.S.S.R. and Eastern Europe in the new, more hopeful East-West climate while remaining a committed ally in NATO. We will support peacekeeping and the search for moderation in regional conflicts. We will be as active multilaterally as ever. Our membership now in the Security Council demands that of us, and we will maintain one of the most effective development assistance programs anywhere.

Honourable senators, I must say that the international community does not seem confused, does not seem puzzled, about our leadership, our effectiveness or our role, and certainly the international community does not share the rather jaundiced, jaded and partisan perspective of the former Secretary of State for External Affairs.

● (1430)

Senator Frith: We were not the ones to use the word "wobblies"; it was the international community that used the word "wobblies".

Senator Murray: It is the international community that voted overwhelmingly to put us on the Security Council. The international community regularly calls on us to help in peacekeeping; it looks to our leadership in the Commonwealth, in la francophonie, in the GATT and elsewhere, and what does it see? It sees a reliable ally, a committed multilateralist, a leader on the environment, and a supporter of an open-world trading system. That is what the international community sees when it looks at Canada and at the present Canadian government.

Some Hon. Senators: Hear, hear!

Senator Murray: Was it Prime Minister Mugabe whom we saw on television, coming out of the Commonwealth Conference some time ago, saying, "Thank God for Prime Minister Mulroney and the leadership he is giving in the Commonwealth in the fight against apartheid."?

As for other leaders, western leaders like Prime Minister Thatcher and former President Reagan, when they spoke, spoke so fulsomely of the leadership that Canada and Canada's Prime Minister was giving that some of our political opponents at home thought those western leaders were intruding unduly into Canadian political affairs.

Senator Denis: Why don't you say you discovered Canada!

Senator Murray: Honourable senators, the Leader of the Opposition took some liberties, as veteran politicians sometimes do, with statistics on the subject of defence. I do not intend to get into a lengthy discussion of defence policy today, but he was so proud of the percentage increase in defence expenditures in certain years under his government that I felt obliged to go back and look at the record. I discovered what I had suspected, that, yes, there had been an increase, but the base over which the increase had been made was so low that the percentage increase he cited yesterday was really very misleading. As a matter of fact, during part of the time prior to 1980 our defence budget experienced negative real growth. During the period 1983 to 1988, however, the average real growth in our defence budget was 4.3 per cent, whereas during the period 1978 to 1982 it was 2.4 per cent.

One notable feature of the Canadian defence budget during the past ten years that I think is important has been the effort in the last three years to improve the equipment of the Canadian Forces. In 1978 only 10 per cent of Canada's defence expenditures was allocated for new equipment. During the last three years the percentage has increased to over 20 per cent.

During his remarks on foreign policy the Leader of the Opposition criticized the government for having praised the mediator in the Canada-France fisheries dispute "... for his role in getting Canada to agree to flagrant over-fishing by the French in the disputed zone." I am, of course, quoting from Senator MacEachen's speech. First of all, this disputed zone is just that—a zone that is claimed by both sides. The French had aimed at taking 26,000 tonnes of cod in 3Ps. So what Canada accomplished, with the aid of Mr. Iglesias, the mediator, was the persuading of the French to roll back their catches to less than 16,000 tonnes. That is about a 50 per cent roll-back.

Senator Frith: Steal a little less!

Senator Flynn: You are hopeless!

Senator Murray: There will continue to be some over-fishing, but, at the same time, Canada has obtained a reference of the boundary dispute to an international tribunal. That is the only way to get rid of the disputed zone and to control resource allocation in what will then be unequivocally Canadian waters.

I can only assume that the Leader of the Opposition's remarks on this question yesterday were inspired by the fact that there is an election under way in Newfoundland and he wanted to make some partisan points if he could. I think he would do well to reread the statement by the president of the Newfoundland Fishermen's Union, Mr. Richard Cashin, who, I believe, is a former protégé of the honourable senator in Parliament.

Senator MacEachen: I have read it—he has not conformed fully.

Senator Murray: The honourable senator says that his protégé has not conformed fully.

Senator Petten: He has a way to go.

Senator Frith: He has forgotten his lessons.

Senator Murray: In any case, I think he is not a disinterested party; his union is not a disinterested party, either.

Senator Frith: No. We will soon find out why he isn't disinterested, I'm sure.

Senator Murray: His union has quite a stake in the settlement and resolution of all of the issues. Mr. Cashin has taken the position that this is an essential first step and that Canada has made the best deal it could have achieved under the circumstances.

Honourable senators, the Leader of the Opposition said yesterday that the Speech from the Throne was the first inkling we had had as to the plans of the government in this second mandate. Well, that is not really the case. Surely it must be obvious to him, as it is, I think, to the country, and as it was to the country during the election campaign, that over the next four years we have to complete the historic initiatives that we began in our first mandate: implementation of free trade; phase II of tax reform; Constitutional reform; national childcare; deregulation, privatization and regional development. There is still plenty on the agenda. I am thankful that we will have a chance during our second mandate to finish what we started during our first.

Over the next four years we will become, as a country, more outward looking than we have ever been. Much has been said about the Free Trade Agreement with the United States, about its economic potential for us and the impetus it might give to further liberalization of multilateral trade and so forth. Yet, for Canadians it is even more than that. Our relationship with the United States has long been one of defining features of the Canadian identity. Feelings of inferiority, of superiority, of fear, of envy—these have typified the love-hate dialectic between our two nations since the first United Empire Loyalists arrived here.

The political success of the Free Trade Agreement in last November's election signals not only our growing economic stature but also our emerging confidence and maturity as a people. The capacity of Canadians to weigh the benefits and risks of free trade and to choose the option to compete is a testament to how much we have grown and how secure we have become in ourselves and in our nation.

Honourable senators know that because of the large or small size or geographical position of certain countries in this world,

their people are instinctively international in their outlook. We Canadians must become more like that. In our second mandate the government will give priority to those issues of international trade, development and investment that will raise living standards, open markets and build opportunities and prosperity at home and abroad. Canada is not a superpower, but our Prime Minister is in a position of leadership in the Commonwealth and in la francophonie, where many of the developing countries and some newly industrialized economies are represented. We have earned a place among the industrialized countries of the world as well.

● (1440)

I believe that this strengthened sense of national identity is responsible for, and reflected in, the conclusion of the Meech Lake Accord, as it was in the mandate for free trade accorded to the government in November last.

[*Translation*]

Canadians have chosen to experience two historic turning points in their country's history: the opening-up of free trade with our neighbours to the south; and recognition of Quebec as a distinct society within Canada.

These two major changes go to the very heart of our collective identity and our existence as a country. That is why they have raised both high hopes and a number of concerns among Canadians. The government is very much aware of this ambivalence, and we intend to respond with guarantees for our Canadian identity and our solidarity as a country and society.

Traditionally, Canada has refused to follow the example of the American melting pot and has emphasized a form of east-west solidarity aimed at neutralizing a continental polarization towards the south. It is therefore not surprising that at the very moment it was concluding a free trade agreement with the United States, Canada found it appropriate to use the Meech Lake Accord to confirm those characteristics that make our country what it is.

The fundamental linguistic duality of Canada; Quebec's right, as a distinct society, to live and prosper in French within Canada; a rightful place for native rights and multiculturalism in our society—these are some of the common values that the Meech Lake Accord re-emphasizes as components of our Canadian identity.

The free trade debate, however, has shown beyond a doubt that Canadians refuse to dissociate from their collective identity a host of other "solidarities" we have created over the years. I am thinking of our social programs aimed at promoting equal opportunities for Canadians in all regions of this country. Regional mutual assistance and equalization were entrenched in the Constitution Act, 1982. I am also thinking of the cultural industries we have created to express what we are, to create our own imagery and to have our own window on the world.

Understandably, while accepting continental and international free trade, Canadians are anxious to preserve what makes them unique, and the government intends to take action to consolidate the essential aspects of our collective identity.

[Senator Murray.]

The identity of a nation, however, is not static. In fact, by meeting new challenges, Canadians will discover new solidarities. That is why the government has had no hesitation in suggesting a number of ambitious national projects such as liberalized international trade and cleaning up the environment. By their very nature, these problems go beyond the confines of regional and even international concerns. They demand co-ordinated action by federal-provincial governments, supported by the will of all Canadians to suceed in these efforts.

To realize our cultural potential, co-ordinate our efforts with respect to official languages, strengthen our social fabric, consolidate our instruments for mutual assistance, embark on the next phase of constitutional renewal, protect our environmental heritage and enhance Canada's image in the world: these are the main priorities that the government has set, the new challenges it has taken on to maintain our Canadian identity and reinforce our sense of solidarity as citizens of one and the same country.

[*English*]

So, honourable senators, the challenges before us include, among other things, the globalization of the economy, rising protectionism and a deteriorating physical environment. These can only be met by effective joint action by both orders of government. Now, more than ever, Canadians cannot afford and will not tolerate governments working at cross purposes.

During our second mandate we will continue to provide strong federal leadership in the forging of partnerships among governments and with the private sector—with business, labour, universities, community groups—that will allow us to meet the challenges of the 1990s and to further strengthen the federation.

Sustaining economic prosperity, assuring national solidarity and national unity, distributing the benefits of economic growth fairly, protecting our environment and carrying these commitments to an international stage—these all shape the agenda of our second mandate and the history of our nation. These are challenges, honourable senators, which I am sure this generation of Canadians will take up confidently and to which I trust this Parliament and this chamber will respond in a positive and constructive spirit.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, may I ask Senator Murray a question?

Senator Murray: Yes.

Senator Frith: Can he tell us when the promised child care legislation will be introduced?

Senator Murray: I cannot do that, honourable senators. My friend will be aware that in the other place, as in this place, the government proposes and the opposition disposes. The date of presentation of that legislation will, of course, be affected by the course of events in the other House and the manner in which agreement is able to be reached among the parties as to the legislative agenda for this session.

Hon. Philippe Deane Gigantès: Honourable senators, I should like to adjourn the debate in my name.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Senator Beaudoin wishes to speak this afternoon. If the honourable senator is not going to speak himself today, perhaps he would allow Senator Beaudoin to speak.

Senator Gigantès: Certainly. However, I should like to speak after Senator Beaudoin.

[*Translation*]

Hon. Gérald Beaudoin: Honourable senators, as is the custom, the Speech from the Throne provides that this house will be asked to pass some legislation. Inevitably, the laws affect some fundamental freedoms. It is appropriate to say a few words about the constitutional context that since April 17, 1982 governs all laws.

I wanted my first speech in this chamber to deal with the Canadian Charter of Rights and Freedoms and the equilibrium between the three branches of government since 1982.

Before getting into the subject, I want to wish the Speaker of this chamber, the Honourable Guy Charbonneau, whose mandate has just been continued, smooth sailing.

• (1450)

[*English*]

My good wishes are also extended to the Leader of the Government, Senator Lowell Murray, and to the Leader of the Opposition, Senator Allan MacEachen. They both assume a second mandate.

When the Canadian Charter of Rights and Freedoms was entrenched in the Constitution of 1982, we entered a new era: that of constitutional protection of our rights and freedoms.

Chief Justice Brian Dickson pointed out in 1985, at a colloquium on the Supreme Court, that the Charter is the greatest challenge in the Supreme Court's history.

Before the entrenchment of the Charter rights and freedoms had been protected in this country primarily by laws and statutes and, to a certain extent, by the courts and the Constitution. But the entrenchment of our rights has radically altered Canada's judicial and juridical life. Every year our court of last resort hands down a number of important judgments on Charter cases, judgments that affect ordinary Canadians in their day-to-day life.

[*Translation*]

Enshrining rights and freedoms in the Constitution seems to me a much better and more effective way to protect our fundamental rights. It is in keeping with the great declarations of human rights since the Second World War. It is good to allow any Canadian citizen to challenge in court the validity of any law that a parliamentary majority of the moment passed without respecting the higher values on which the country has agreed.

Some rights are universal, such as the fundamental rights, and they exist in all the great democracies. However, other rights are specific to a country, like language rights in Canada.

In five years, the Supreme Court has rendered 75 decisions on the Charter, of which more than twenty are landmark decisions of the greatest importance. Such work commands respect.

Nevertheless, for the federal Parliament and provincial legislatures, for the legislative branch of government, including the Senate, these decisions may raise questions in the mind of some people. It is worth considering these questions.

In Canada, we have a strong judicial system. It is clearly separate from the executive and legislative branches of government, as it has been in Great Britain since the Act of Settlement of 1701, in the United States since 1787, and as it is in some other great democracies.

[*English*]

Where does the role of the legislator end? Where does that of the judge begin? Where should the limits of the judicial forum and of the political arena be drawn?

Alexander Hamilton wrote in *The Federalist* that the judicial branch was the weakest of the three branches of the state. But matters have changed considerably in the United States and Canada. Some Canadians occasionally wonder if we are now seeing "government by judges". The question is not a new one. It was raised in 1982 with the entrenchment of the Canadian Charter of Rights and Freedoms.

The judicial branch in Canada controls the constitutionality of our legislation. It has been doing so with respect to the distribution of legislative powers for a century, and for seven years with respect to rights and freedoms. Like the U.S. Supreme Court, our Supreme Court is a powerful institution. Its powers have attracted more attention in constitutional cases, however, because those concern us all.

[*Translation*]

We may ask whether the court is too powerful. It is up to the legislators to assume their rightful role. The highest court has called upon them to do that in four or five decisions rendered in the last few years. It has given specific indications in some cases, such as language rights, legal guarantees, indeed fundamental freedoms.

We all know the theory of the three branches of government: legislative, executive and judiciary. It is thought to come to us from the Enlightenment, it is attributed to Montesquieu, but also to other great jurists and philosophers of his time, like Locke.

The Americans drew upon it with good results in writing their Constitution in 1787 and their Bill of Rights in 1789; Madison and Jefferson in the political arena and John Marshall in the Supreme Court in *Marbury v. Madison* in 1803.

Although in our country, as in England, the legislative and executive are not as clearly separated as in the United States, because of our parliamentary system which we cherish and the principle of responsible government, we accept the separation of the three branches and we strive for a healthy balance among them.

What is the state of this balance today in 1989?

[*English*]

There will always be a school of thought that regrets the old system under which Parliament could do anything. Great Britain was the prototype of that form of government. In Canada the first restriction was placed on parliamentary supremacy in 1867, when, with the adoption of federalism, the various areas of jurisdiction were divided between Ottawa and the provinces. A second restriction was introduced in 1982 with the entrenchment of our Charter of Rights. In my opinion, we did the right thing. It is to the advantage of the citizens of Canada. Great Britain itself is now subject to a supernational Charter of Rights, and the results have been positive. Absolute parliamentary supremacy no longer exists in Great Britain, as was demonstrated in the *Sunday Times* case of 1979.

The debate here was settled in 1982: we have a constitutional Charter and it will stay.

[*Translation*]

However, Parliament's role remains, and I believe it is, irreplaceable and essential.

At times Parliament may be reluctant to act. For instance, the court is not the sole guardian of the Constitution. It is not the only branch responsible for protecting rights and freedoms, and it has said so repeatedly.

The role of Parliament remains intact. It too must guarantee our rights and freedoms, legislate to create new ones, as necessary, and respect those rights and freedoms in every statute it adopts.

I shall, if I may, deal very briefly with one or two articles of the Charter that have been receiving much attention lately.

Section 1 of the Charter provides that the freedoms set out in the Charter are guaranteed by the Constitution. However, these rights and freedoms are not absolute. According to section 1, they are subject to reasonable limits prescribed by law that can demonstrably be justified in a free and democratic society. The role of Parliament is particularly difficult here.

The test developed by the Supreme Court in the *Oakes* case for section 1 of the Charter is a stringent one, based on the theory of proportionality. We know that Parliament must place as few limits as possible on a right, and that the means it uses must be in proportion to the end being pursued. The purpose of the legislation must be important and it must be legitimate. Of course, I do not presume to do justice in a few words to a decision that was very important and complex.

Parliament can legislate rights, and language rights are an example that comes to mind. I may add that in the past 20 years the Parliament of Canada has done excellent work in the area of official languages. However, if Parliament believes that, in order to attain an important objective, it must legislate and restrict certain rights, it must be able to justify those restrictions. That is a new role for the legislator. It may be a more difficult one than respecting the separation of powers, although that particular role is far from easy, witness 120 Privy Council decisions and about 200 decisions by the Supreme Court.

Today, Parliament intervenes in many areas. Too many, some people will say. It may act hastily, and it may not always be very successful.

• (1500)

[*English*]

There are problems that are settled, and can only be settled, in Parliament. This is perhaps where the Senate, as a chamber of sober second thought, can play a larger role: that of improving legislation certainly, but also that of ensuring that all legislation reflects the great, human and democratic values of our society.

[*Translation*]

Recently, the Supreme Court, of its own accord, has started to set certain limits beyond which it will not go. It has thus given us some valuable clarification regarding the boundary lines that must continue to exist between the legislative and judicial branches. I see this as a manifest desire to preserve the balance between the three principal powers of the state. The Supreme Court must practise self-restraint, and it has been doing that lately.

As far as distribution of legislative powers is concerned, in other words federalism, the court has, in the last 100 years, been following the lead of the Judicial Committee of the Privy Council, and has managed to balance these powers. If the five years which followed its first Charter decision in 1984 are any indication, it would appear that the same will apply to our constitutional charter.

[*English*]

Of course, this does not mean that all judgments of the Supreme Court will please everyone. That is absolutely impossible. Sometimes the court itself is divided, as happens in constitutional and Charter cases from time to time, as you know.

[*Translation*]

Balance is never attained. History shows that at first, the legislative branch was the strongest. Then the executive was stronger, and it still is. But I believe that today, with greater power for the judiciary branch, we are moving towards a balance of the three branches.

These considerations may seem very abstract! But perhaps it is worth spending a moment on them, and dealing more concretely with our role in a specific case or for a specific piece of legislation at another time.

[*English*]

Another question may be whether the test formulated by the Supreme Court for interpreting section 1 of the Charter is too stringent. Not in my opinion! Any restriction on the Charter must be justified in accordance with the rules, and if it is not in accord, it should be rejected.

It may also be that the court arrived at the stringent test because of the presence of the derogatory clause in section 33, the famous "notwithstanding" clause. Pursuant to that section, the federal Parliament and the provincial legislatures may at will exempt for five years a statute, or part of it, from the

provisions of three large and important sections of the Charter—fundamental freedoms, legal rights and equality rights.

This derogatory clause is being discussed more and more now, and I shall not say much more about it at this time. I do know that certain jurists opposed this clause in 1982, and I can well understand their view. It is the reaction of a lawyer and, of course, of other persons. The clause, however, was part of the compromise of 1982 and of the Charter itself. It was to be expected that it would be used one day. It will not be easy to strike it down by constitutional amendment—probably because some people see it as a compromise between parliamentary supremacy and judicial supremacy or as a safety valve in cases of emergency. The debate is just getting under way on this last point, and I am sure that I will have occasion to come back to it.

[*Translation*]

Although, coming from Quebec, I may be accused of making a plea *pro domo*, I cannot conclude without saying that the Meech Lake Accord does not supersede and was never meant to supersede the Canadian Charter of Rights and Freedoms, which I support wholeheartedly. The concept of a distinct society does not, to my mind, alter materially either the division of powers or the Charter of Rights. It is a rule of construction to which the Supreme Court will give the weight it deems appropriate in interpreting the Constitution and the Charter in individual cases. Consequently, my hope is that this accord will be ratified before June 23, 1990 because the compromise reached by Prime Minister Mulroney and Premiers Bourassa, Peterson and their colleagues constitute, in my humble opinion, an essential step in the right direction.

A final word in closing, honourable senators. Parliament makes the laws and the courts interpret them. But we all know that in our political and constitutional system, when the courts interpret the laws and the Constitution in particular, they clarify, qualify and adapt them to changing circumstances thus breathing new life into them. In this way the courts make law by allowing the Constitution to evolve since it cannot be amended as easily as any other piece of legislation.

Thus remains true this statement by Chief Justice Dickson of the Supreme Court:

[*English*]

> The judiciary and the legislature both make law but it is not the same kind of law nor is it made for the same purpose.

[*Translation*]

Must we fear government by the judges? No, as long as the legislators perform their duties competently and play their rightful role. They must decide whether or not to legislate, and to what extent legislation is required. That is a very great challenge for all of us.

Hon. Philippe Deane Gigantès: Honourable senators, I listened with amazement to Senator Beaudoin's wisdom and wealth of knowledge. I must say that although one may disagree with him, when one listens to him, one has no fear for the country's welfare. We know that he is someone who puts the good of the country ahead of any partisan consideration.

I am making a small collection—a very small collection—of things Mr. Mulroney has done that I approve of. Some Senate appointments are on this list, especially that of Senator Beaudoin, an extraordinary man whom I respect a great deal. There is not much else I can say in favour of the Prime Minister.

I wish to adjourn this debate in my name until the next sitting of the Senate.

On motion of Senator Gigantès, debate adjourned.

The Senate adjourned until Monday, April 17, 1989 at 8 p.m.

APPENDIX "A"

(*See p. 45*)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF STANDING COMMITTEE

THURSDAY, April 6, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIRST REPORT

Your Committee has examined and approved the Senate Estimates for the fiscal year 1989-90 and recommends their adoption.

A summary of the Expenditure Budget 1989-90 accompanies this report.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

THE SENATE OF CANADA
SUMMARY OF THE EXPENDITURES BUDGET 1989/90

DESCRIPTION	Actual 1987-88	Budget 1988-89 *	Budget 1989-90	%	Forecast 1988-89	Budget 1989-90	%
PERSONNEL	22,541,081	22,591,000	24,643,500	9.1	22,591,000	24,643,500	9.1
TRANSPORTATION AND COMMUNICATION	3,307,329	3,335,500	3,566,600	6.9	3,624,500	3,566,600	(1.6)
INFORMATION / PRINTING	2,081,470	1,727,000	1,903,000	10.2	1,625,000	1,903,000	17.1
PROFESSIONAL & SPECIAL SERVICES	1,264,380	2,836,500	3,097,500	9.2	2,451,000	3,097,500	26.4
RENTALS	686,344	1,003,000	933,500	(6.9)	776,500	933,500	20.2
PURCHASED REPAIR AND UPKEEP	433,201	197,000	297,500	51.0	427,000	297,500	(30.3)
UTILITIES, MATERIALS & SUPPLIES	736,382	607,500	720,000	18.5	733,500	720,000	(1.8)
ACQUISITION OF OFFICE MACHINERY & EQUIPMENT	406,163	326,000	641,500	96.8	544,000	641,500	17.9
GRANTS & CONTRIBUTIONS	1,014,620	1,096,000	1,159,500	5.8	949,000	1,159,500	22.2
ALL OTHER EXPENDITURES	26,363	38,000	62,900	65.5	36,000	62,900	74.7
TOTAL	32,497,333	33,757,500	37,025,500	9.7	33,757,500	37,025,500	9.7

* 1988-89 figures are restated to conform to the 1989-90 presentation for comparative purposes

Bgt/exp

THE SENATE

Monday, April 17, 1989

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Report of the Commissioner of Official Languages for the year ended March 31, 1988, as required under the Privacy Act.

COMMISSIONER'S REPORT—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint Their Honours that the report of the Commissioner of Official Languages for the year 1988 has been referred to the Standing Joint Committee on Official Languages.

[*English*]

POINT OF ORDER

[*Later:*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before the Orders of the Day are called, I have a small procedural nit to pick, which I think I picked once before, but it has not been changed. I do not think it is correct for the House of Commons to send a message to the Senate "to acquaint Their Honours that the report of the Commissioner of Official Languages for the year 1988 has been referred to the Standing Joint Committee on Official Languages," because, of course, unless we also refer it, it is not so referred. I think we might draw to the attention of the other place that I raised this matter on a previous occasion and that, in my opinion, the message should be that the House has referred the report to the standing joint committee and asks us to do likewise.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Gigantès*). (*3rd day of resuming debate*)

Hon. Philippe Deane Gigantès: Honourable senators, on April 5 and 6 last I had a vision of the great Hindu god Vishnu, the one with six arms. He looked like the Leader of the Government in the Senate and was patting himself on the back with all six hands. I will comment on the economic parts of this vainglory in the debate on the budget.

Suffice it to say that the honourable Leader of the Government and his suzerain lord, Prime Minister Mulroney, remind me of the *The Wizard of Id* comic strip in which the little king says he is going to have to raise taxes. "Blame it on the previous administration," says his sidekick, Sir Rodney. "I *am* the previous administration," the little king replies, showing a better grasp of the passage of time and less chutzpah than Mr. Brian Mulroney.

Until the budget is presented and we have to mourn over its inevitable Thatcherite biases, I should like to focus on the main themes in the Speech from the Throne, as these were identified by the Honourable Senator Murray.

Here is a quotation from the speech by the Leader of the Government in the Senate:

> Canadians have chosen to experience two historic turning points in their country's history: the opening-up of free trade with our neighbours to the south; and recognition of Quebec as a distinct society within Canada.

This appears at page 50 of *Debates of the Senate* of April 6, 1989.

The Canadian people might not have been averse to trading even more with the United States, or being accommodating towards Quebec's constitutional needs. But the Canadian people surely did not choose to achieve these objectives by giving away the store, as Prime Minister Mulroney and his Minister of State for Federal-Provincial Relations have done.

Take the Free Trade Agreement with the United States: The Prime Minister promised, solemnly, that he would not sign it unless Canadian exporters were exempted from the so-called U.S. fair trade laws. We were not so exempted. We have to negotiate for seven years to reach an arrangement that might exempt us from U.S. protectionist laws. Furthermore, we will be negotiating during those seven long years after having given up our trump cards by surrendering to the Americans everything they wanted: a free hand in our energy resources; the right to buy out Canadian firms without having to observe any regulations; a free hand in investing with no conditions; and in dominating our financial sector without reciprocal rights for Canadians.

Remember, a majority of Canadians did not vote Tory in the last election, despite the Pactolus of prevarications knowingly poured out on this issue by the government and those business people who are its friends. Remember the four-page newspaper insert put out by the Business Council on National Issues, with money from some donors too undemocratic or too craven to let their identities be revealed.

Senator Perrault: Five and a half million advocacy dollars!

Senator Gigantès: The insert asked the question: "If the Free Trade Agreement is approved, will business use it as an argument for demanding cuts in social services?" "Of course not," replied the ad. Yet, immediately after the entry into force of the agreement, the people who wrote that ad began asking for a reduction in social services. What that says about ethics I cannot tell in terms acceptable to His Honour the Speaker. I hope that those who believed the Tories and their friends last November will remember the lies on the free trade issue.

But would Canadian negotiators have assented to a bad deal? It is not a bad deal in their eyes. They are economic continentalists. They are Harvard School of Business "only the next quarter's bottom line matters" guys. Some of them supported the scheme to dam James Bay and export Niagaras of fresh water to the U.S. They love the unrestrained social Darwinism of the American right wing.

Having them in charge of the free trade negotiations was like hiring the lover of your future spouse to be your lawyer in negotiating a prenuptial agreement.

Did the Prime Minister really reflect on what he was doing to the country? The question is pertinent, after his outburst in the House of Commons this month when he declared that the Canadian Constitution, the whole of the Constitution, is not worth the paper it is written on because of the "notwithstanding" clause, which allows governments to negate some rights given to citizens by the 1982 Charter.

This is the same Prime Minister who named to the Court of Appeal of the province of Manitoba, Sterling Lyon, the man who led the fight to deny Franco-Manitobans their constitutional rights; the main drafter of the "notwithstanding" clause Mr. Mulroney would now have us believe he abominates. Putting Sterling Lyon on the bench to protect Charter rights is like using a fox to protect the denizens of a chicken coop. But that is our Prime Minister's way with ethics.

Honourable senators remember, no doubt, the wise and pondered comments in this chamber on April 6 made by that great constitutional scholar, our most learned colleague, Senator Beaudoin. The 1982 Charter was another step in restricting the absolute sovereignty of legislatures over citizens' rights by enshrining those rights in a Charter within the Constitution. Senator Beaudoin thought this unprecedented constitutional protection was a good thing in a country that, theretofore, had left such rights to the sometimes capricious supremacy of elected legislators.

The Charter was a major constitutional change, a watershed. Naturally the provincial legislatures, in the persons of their premiers, fought against this change and demanded that they be left a vestigial hold on the fate of citizens' rights, and that is the "notwithstanding" clause. It allows legislators to suspend rights for five years. But the process is one in which they must publicly declare that they are, in fact, suspending the fundamental rights of citizens, who may well show resentment at a future election.

• (2010)

Another respected constitutional scholar, Mr. Gil Rémillard, speaking in Quebec's legislature on June 23, 1987, as his province's minister for intergovernmental affairs, said:

[*Translation*]

> Even in a democratic society like ours, we are not always safe from excessive government action against some basic rights or fundamental freedoms? But in 1982, for the first time we obtained constitutional guarantee of some rights and freedoms which were included in a charter . . . Consequently, we came to consider the Charter of Rights and Freedoms as a vested right, the cornerstone of our Canadian democracy—

About the "notwithstanding" clause, Mr. Rémillard is quoted as having said:

> —I am not particularly pleased about that clause, because I care about the rights of the people, and about their individual freedoms. But I also think that, in certain circumstances, collective rights should override individual rights.

[*English*]

Thus, according to two eminent and respected constitutional scholars, the 1982 Charter represented a major step forward in strengthening the rights of citizens. Before the 1982 Charter these rights were not guaranteed or even defined in the Constitution. The Charter represents a much stronger guarantee of these rights, even though it includes a "notwithstanding" clause that could be abused by legislators willing to face the odium and the political risk of explicitly and avowedly curbing some, though not all, fundamental rights.

Contrast the wisdom of Senator Beaudoin and of Mr. Rémillard on this issue with the Prime Minister's behaviour in the House of Commons on April 6 this year. He gets up, pounds his fist, and declares that the 1982 Constitution "is not worth the paper it is printed on" because of the "notwithstanding" clause.

Articles 2 and 7 to 15 of the 1982 Charter can be suspended for five years under the "notwithstanding" clause. The other articles cannot be suspended at all, but they are worthless all the same in our Prime Minister's view.

The right to vote, article 3, is worthless, the Prime Minister says. The obligation to hold elections every five years, article 4, is worthless too, he thinks. Having Parliament sit at least once every 12 months, article 5, is worthless. For the Prime Minister, this is understandably so, in this case, since, when Parliament sits, he is likely to make even more statements that expose him to public ridicule.

Article 6, which gives citizens the right to live and work anywhere in the country, is worthless, according to Mr. Mulroney.

The equality of the two official languages, and the rights of citizens to use them both, is worthless too, our Prime Minister asserts. So much for articles 16 to 23, including the right to education in the minority official language. Those are worthless, says the Prime Minister.

Worthless too he deems article 24, which says that "Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances." That is not worth the paper it is printed on, according to the Prime Minister, even though this right has been used in countless cases and has already had a major impact on our jurisprudence and the lives of many citizens who have used the protection of this clause.

The protection of aboriginal rights, in article 25 of the Charter, not subject to the "notwithstanding" clause—that too is worthless, the Prime Minister declares.

Worthless too, according to Brian Mulroney, is the preservation and enhancement of the multicultural heritage of Canadians, as guaranteed by article 27 of the 1982 Charter.

The equality of rights for male and female persons, article 28, is worthless in the eyes of our Prime Minister.

So also worthless, for the Prime Minister, is the guarantee of denominational, separate or dissentient schools, in article 29 of the 1982 Charter.

And what of Part III of the 1982 Constitution, which guarantees equalized economic opportunities and public services to Canadians, whatever the province they live in? Worthless, says the Prime Minister of Canada.

So is the rest of the 1982 Constitution worthless, including all former acts which it incorporates, some dating back to the foundation of our country in 1867. One hundred and twenty-two years of Canadians living under the law are declared worthless by Mr. Brian Mulroney.

It was an embarrassing spectacle of prime ministerial pique and infantile petulance, not to mention profound contempt for what most democracies hold sacred, the fundamental law of the land. Why the rage? The press began searching for explanations. Because, said someone, evoking books by erstwhile Mulroney minions, each morning the Prime Minister asks: "Mirror, mirror on the wall, who's the greatest of them all?" And the mirror of Canadian history in the making always answers: "Pierre Elliott Trudeau." And the bile mounts until it clouds the prime ministerial brain, until he will do anything to desecrate the Trudeau legacy.

So the Prime Minister of Canada, like his Senate "aide de cant"—and I spell that "c-a-n-t"—propagates three falsehoods: one, that somehow Trudeau misled the people of Quebec by breaking a promise to give them a sort of semi-separatist Meech Lake, instead of the reforms he had always clearly espoused and eventually made into the Constitution of 1982; two, that by patriating the Constitution without the consent of the Quebec legislature he humiliated the people of Quebec; and, three, that the 1982 Constitution was essentially worthless, had nothing good about it, and that there was no reason for Quebecers to admire Trudeau—three manifestations of the Lilliputian lust to use a web of lies to tie down the giant that is Pierre Elliott Trudeau.

From a common passion to a common tactic is but the beat of a wing. Birds of a feather lie together. By changing official languages. Prime Minister Brian Mulroney and his honourable equerry in the Senate have special messages for their separatist friends in Quebec. The messages are spoken in French and suggest that the wicked anglos, especially Ontario anglos, are harming Quebec.

The Honourable Leader of the Government in the Senate plays this game in the flood of letters he writes in Quebec's French press, twanging all the separatist chords.

In the case of the drug bill, the Prime Minister suggested that those who opposed it were helping Ontario keep Quebec from developing a pharmaceutical industry. During the election campaign it was again wicked Ontario trying to deny Quebec the chance to develop as Ontario had developed, thanks to the automobile industry, the Prime Minister hinted every time he spoke French.

On April 10, in the House of Commons, the Prime Minister was replaying his diatribe about the "notwithstanding" clause making the Trudeau Constitution worthless—in English. In French, he sang the separatist fiction that not getting the separatist Quebec government in 1982 to sign a federalist Constitution had utterly humiliated the people of Quebec. That the people of Quebec were in favour of the 1982 Constitution does not give the Prime Minister pause. Why should he be bothered with facts when these might give the lie to his propaganda? But the facts will not go away. Here they are:

A Sorecom poll published in *The Globe and Mail* on May 5, 1982, after the Trudeau Constitution went into effect earlier that year, showed that only 21 per cent of Quebecers favoured the PQ option, while 70 per cent favoured the new Constitution.

• (2020)

A Gallup poll printed in *La Presse* on June 19, 1982, showed that 49 per cent of Quebecers believed the Trudeau Constitution would be beneficial to them, against 16 per cent who thought it would not.

A Gallup poll printed in *La Presse* on December 15, 1982, asked Quebecers if they thought Canada would break up: 58 per cent of Quebecers thought the country would not break up, as against 23 per cent who thought it would.

What do these facts do to the Péquistes-Mulroney-Murray myth that Mr. Trudeau won the referendum only because he misled the people of Quebec? These facts show that the myth is an utter lie. The people of Quebec supported Mr. Trudeau in the referendum, and they went on supporting him on constitutional issues, even after they saw the detail of the Constitution he had promised and delivered, despite the opposition of the Quebec legislature. The people of Quebec obviously did not

feel humiliated; otherwise they would not have shown their approval of Trudeau's Constitution in the opinion polls I have just quoted. They supported the 1982 Constitution, despite the overwhelming concert of jeremiads orchestrated by the separatist government of Quebec.

Will the Prime Minister and his Senate acolyte follow the example of one of their separatist friends, Mr. Claude Morin, and maintain that the people, the sovereign people of Quebec, were too stupid to understand what was happening, and only the élitist Claude Morins of this world understood?

Why does Mr. Mulroney play this separatist game? Why does he cultivate the lie that Quebecers were duped when Mr. Trudeau changed the Constitution in 1982? Doesn't the Prime Minister realize that, if he continues propagating separatist myths, he may lend them credibility? Must we conclude that his desire to deface the Trudeau legacy is so strong that he does not weigh the national consequences of parroting lies?

The conclusion that the Prime Minister does not weigh the consequences of his statements is given considerable support by his attack on the 1982 Constitution, which he called worthless because of the "notwithstanding" clause.

Doesn't he realize that the "notwithstanding" clause is also part and parcel of the Meech Lake Accord? They talked about it when negotiating Meech Lake.

[*Translation*]

In fact, honourable senators, the Meech Lake Constitutional Accord would never have been signed without the "notwithstanding" clause.

This is what Mr. Gil Rémillard, a key player in the Meech Lake negotiations, said before the Quebec legislature on June 23, 1987 when he suggested that the Meech Lake Constitutional Accord be ratified:

> The use of the "notwithstanding" clause is guaranteed in the Accord we are about to ratify. It is the Premier of Quebec, Mr. Bourassa, who negotiated for hours and hours to get this paragraph which guarantees the use of the "notwithstanding" clause.

[*English*]

I will translate it into English immediately; I do not want any of you to lose any of this. This is Mr. Rémillard speaking on June 23, 1987, on the Meech Lake Accord:

> The use of the "notwithstanding" clause is guaranteed in the Accord we are about to ratify . . . It is the Premier of Quebec, Mr. Bourassa, who negotiated for hours and hours to have this paragraph, which guarantees to us, therefore, the utilization of the "notwithstanding" clause.

Did Mr. Mulroney not understand what Mr. Bourassa was driving at during these "hours and hours" of negotiations? Did Mr. Mulroney not know that he would not get Meech Lake if he did not allow Mr. Bourassa to keep the "notwithstanding" clause?

It would be pretty shattering to believe our Prime Minister could have been so naive as not to understand what was going on. The only explanation possible is that Mr. Mulroney was hoping no one would dig up the fact that, to get his Meech Lake Accord, he too had to accept the "notwithstanding" clause. In other words, in 1987 Mr. Mulroney knowingly made the self-same concession Mr. Trudeau made in 1981, a Trudeau concession Mr. Mulroney has called "the mess of the century".

Senator Frith: Well done!

Senator Gigantès: I leave to my honourable colleagues in the Senate the choice of unparliamentary words that most suit the splenetic and nation-damaging diatribe by the Prime Minister against Mr. Trudeau's Constitution.

By the way, honourable senators, we need not have any doubt that Mr. Mulroney will ask the Quebec government to enrobe in obfuscatory "clarifications" Mr. Rémillard's clear 1987 statement about negotiating a place for the "notwithstanding" clause in the Meech Lake Accord: "Do it for the sake of Meech Lake, Robert," Mr. Mulroney will plead, and no doubt Mr. Bourassa will oblige.

For the sake of the country, I would beseech the Leader of the Government in the Senate and his suzerain lord to accept the fact that in the National Political League they are not Wayne Gretzky or Mario Lemieux; they are more like Eddy Shack and Dave Semenko. Let them stop damaging their country with their vain attempts to surpass Trudeau. Someone might surpass him some day, but that someone is not a member of this government. Instead, let them do their best as minor league players. They can do some good, provided they reflectively contemplate the reality of this great land of ours.

In each of our provinces there is a political and bureaucratic elite that resents the authority of the federal government. From our foundation until today these local elites have tried to take unto themselves the power Ottawa exercises. In these endeavours these elites have served or have exploited historical, regional grievances.

The Atlantic provinces remember that they were the rich and more evolved of the colonies that united to form Canada, and they blame central Canada for "usurping" that role. The west is passionately attached to its resources and resents the central Canadian banks and railroads that became rich by financing and transporting these resources.

These resentments have been richly mined by the provincial politicians. It has become the standard and electorally fruitful practice for provincial legislators to blame Ottawa and Ontario for all the country's ills: when not pushed to extremes, this is fair ball, and it keeps Ottawa more responsive to needs that are geographically distant but should be politically proximate.

The case of Quebec is special, because Quebec is special. There, apart from the resentment of not being as economically powerful as Ontario, there are other anxieties: the fear that francophone Quebecers are a small island of French in danger of being submerged by the tidal wave of English; there is also a profound resentment that an outpost of an advanced and imperial French civilization was subjugated by the English.

This is a centuries-old resentment, going back to Jeanne d'Arc and to the Hundred Years' War.

It is a mistake for English conquerors to believe that, because they were humane compared to other conquerors, the conquered will forgive and forget the humiliation of the conquest and its consequences: such as being an underpaid francophone working man having to be evaluated by a unilingual anglophone foreman with an unjustifiable sense of superiority; such as having some anglophone philistine sitting atop the pile of money he made in Quebec and sneering at eminent francophone jurists, scholars or physicians as being good only for procreation, hockey and cooking; such as being told to "speak white". I am of Greek descent, and I know that to this day there are Greeks who have not forgotten such humiliations at the hands of the Turks, who conquered Greece in the 15th century and held it for 400 years.

So there are Quebecers who believe their province could have done better if it had not been exploited by Ontario. That is a pan-Canadian belief. There are Quebecers who go further and believe they could better use the tax revenues of Quebec than does Ottawa. And there are those who feel they are a proud race that must never accept to be the ward of another race. If all of these Quebec streams converge, they may overwhelm another stream which sees the Canadian federation not as a perfect solution but as a sufficently tolerable alternative to independence, and maybe as a tried companion in resisting the American melting pot.

● (2030)

Canadian politicians have striven to make sure that those Quebecers who tolerate federalism prevail over those who do not. Similar efforts have been made to blunt the various dissatisfactions of Canadian regions other than Quebec.

However, there must be a limit to what powers Ottawa cedes to Quebec or any other province. One such limit is that every Canadian citizen should have the same rights, obligations, opportunities and services, within reason, wherever he or she wishes to live, work or travel in the country; otherwise we cannot talk of being citizens of the same country. This means, among many other things, a Canada Pension Plan that is portable from province to province and medicare services that are portable from province to province. In these days of inevitably increasing labour mobility, being a nation may well demand that all provinces accept common certification and therefore common diploma standards for skills, be they academic or practical. We are less than a country if a citizen cannot acquire a certified skill in one province and have that certification accepted in every other province.

That is why Meech Lake is wrong. It is a big step back from the logic that says there must be recognized national standards, in some things, coast to coast, and not just vague compatibility between a specific federal program and some unspecified provincial initiative, as Meech Lake would have it.

That does not mean that shared-cost federal-provincial programs must be administered by Ottawa. But it should mean that Ottawa's contributions to a province must be conditional on that province's meeting the national standards. Being one country must also mean that a province should not take federal contributions for post-secondary education and spend those dollars for other purposes, thus disadvantaging the people of that province. Ottawa has the moral right and duty to be concerned about protecting its citizens, wherever they live, from being disadvantaged by provincial misappropriation of federal funds. Yes, honourable senators, I regret the 1977 arrangement that allows provinces to so misappropriate federal funds. It was a Liberal mistake—in a Tory line.

There is, there will always be, a debate between those Quebecers who think that they would be better off outside the Canadian federation and those who would prefer to stay in. If the separatists manage to make enough converts, Quebec will leave, as it has the perfect right to do. And the rest of Canada is too civilized ever to use force in coercing Quebec to stay.

Quebecers cannot be bought with concessions to stay in Canada, if they decide to leave. To try would be like buying presents for a spouse who has decided that a divorce is the least bad alternative to an unacceptable marriage.

The best thing is to recognize this right Quebecers have: to leave if they want to; that they will make the decision themselves as to whether the limits imposed on independent Quebec action by Canadian nationhood are made worthwhile by the advantages of that nationhood.

There are limits to what roles the rest of Canada can play in this essentially Quebecois debate. Therefore, the rest of Canada should relax, and not engage in the odious games the Prime Minister plays of trying to mine this chronic family crisis for his electoral gain.

Quebecers cannot be bought, and they are not stupid; if they are fooled, they realize it quickly. They know when they are being offered a mess of potage. That is why Meech Lake can die without disturbing the people of Quebec for long.

Now, the people of Quebec know that Meech Lake gave them nothing they did not have under the Trudeau Constitution of 1982. Quebecers know they are a distinct society. This is a self-evident truth that is not made any more true by an official label grudgingly granted by western premiers more concerned about their redneck minorities than about their francophone minorities. Who needs such pharisaical concessions? The Quebecers certainly don't.

Senator Roblin: Come, come!

Senator Gigantès: Moreover, Quebecers have just been treated to a demonstration that the "notwithstanding" clause of the 1982 Constitution gives them unchallengeable power to protect French through legislation. The "notwithstanding" clause is immune to judicial interpretation; not so the "distinct society" clause of the Meech Lake Accord, the real potential effectiveness of which will depend on judicial interpretation.

I share the opinion of the Supreme Court that the protection of the French language did not require the banning of English signs in Quebec. I regret, therefore, the use by the Quebec government of the "notwithstanding" clause. But let not our Prime Minister and our premiers be hypocrites. As we have

seen from the quotations I gave above from Mr. Rémillard's speech, the Prime Minister and the premiers knew, when negotiating at Meech Lake, that Quebec wanted to guarantee its right to use the "notwithstanding" clause to defend language legislation. It does not serve national unity for the first ministers to pretend otherwise.

The suspension of rights with the "notwithstanding" clause is a stepping stone in the passage from the absolute supremacy of legislatures over rights to the shielding of these rights by the Constitution. It is unfortunate, but it would have been unrealistic to expect that legislators would never use a residue of power left to them in the 1982 Constitution, a residue knowingly confirmed by the Meech Lake Accord.

As for the diminution in the Meech Lake Accord of the federal government power to launch new federal-provincial social programs, there is no evidence that the majority of Quebecers approve of such diminution. They may want to administer such programs within their province, and they are capable of doing it well; but they surely do not want to foreclose social progress and to accept as national standards the lust of the Quebec Chamber of Commerce to privatize medicare. In any case, Quebecers know that, if they want to block new social programs, all they need do is elect Tories. Why, then, would Quebecers need Meech Lake?

And Quebecers are not stupid. They realize that Meech Lake makes constitutional reform harder because of an inflexible amending formula. Quebecers realize that constitutions need change as technology and economies change.

So what of the government's two main themes? On free trade, we face at least four years of having the fate of our economy bargained away by people with the mentality of a branch plant manager. On national reconciliation, we have witnessed a deal among politicians, some sleazy, some naively overwhelmed by the Mulroney propaganda that the people of Quebec had been grievously humiliated in 1982 and that redress was due. But this Mulroney attempt to top Trudeau has failed, as you will see.

We do not need these petty games. We need firm national wisdom and statesmen to apply it. Alas, we have no hope for the next four years. But Canada is fine. It is a grand, decent country that has risen in the past above games small people play. And Canada will rise again.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I am pleased to convey to you the great satisfaction I feel on seeing that some of our key colleagues are still here for this second session of the Thirty-fourth Parliament.

Senator Charbonneau, always calm and steady, will preside over our debates that are sometimes stormy but always instructive with his usual fairness and laudable equanimity. His judicious silence attests to an enviable, penetrating mind.

As for Senator Murray, we know that we can count on him to continue with angelic patience to give the same thorough, marvelously clear answers to questions of doubtful motivation.

Senator MacEachen will also be there to remind us that the government is not composed of all-knowing people, any more than the governments of which he was a part, and that the present government is still correcting the mistakes and cleaning up the mess left by the long years of confrontation with the provinces and our main trading partner and neighbour, the United States, of which the Canadian taxpayers are still feeling the after effects.

As for Senator Gigantès, I think that it is quite clear that he will continue to relive the past, to continue to set himself up as the chief and ardent defender of former Prime Minister Trudeau. Good for him.

He was just accusing Prime Minister Mulroney of lending a hand and in a way supporting Quebec separatists.

He seems to believe that all Quebecers think the same way as Senator Gigantès and that some are stuck in the past like him. Nevertheless, in this morning's *La Presse* and in other newspapers that I was able to read, it is quite obvious that the past weekend's exercise at Montebello did not show great unanimity, to say the least. It seems interesting to me in a way—and it is refreshing—that within the federal Liberal Party there is a desire to question past policies and to see what the objectives and approach should be in the coming years.

On one side there were Don Johnston and a few others who would like to convince us, just as Senator Gigantès has done or probably will continue to do so at every opportunity. They keep condemning the Meech Lake Accord as the product of certain machinations, supported only by a few Conservatives, including Mr. Mulroney.

Mr. Johnston tells us that Meech Lake violates all the fundamental principles of liberalism.

On the other hand, Serge Joyal, a former minister, made an ardent plea for the position of the caucus on Meech Lake and on the legitimacy of the aspirations of Quebecers. I quote from *La Presse*:

> If Meech Lake, he said, were to fall apart, it was obvious that Canada's constitutional landscape would be frozen for many years.

And from this morning's *La Presse*, which reports that Mr. Joyal said:

> . . . even if we have the most progressive action programs ever, if the Party is unable to become the same vehicle for the aspirations of the majority of the citizens of Quebec it was in the past, it will be practically impossible for the Party to form a majority government in the next few years in which both language communities are satisfactorily represented. The former minister went so far as to say that Liberal opposition to Meech Lake "is a mistake as damaging as the hanging of Louis Riel".

I listened with great interest to what Senator Gigantès had to say. I realized that what was said by Serge Joyal and others would not change his mind. That is not my problem. That is the Liberal Party's problem.

However, I would like to get back to the Speech from the Throne.

Today, I would like to talk about three subjects which I think are very important to us Acadians: the state of the country's economy, regional development, and the French fact in Canada.

As far as the economy is concerned, one does not need a degree in economics to realize many problems remain unsolved. The national debt is dangerously high; our budget deficit remains at unacceptable levels; and we still have able people who are unemployed, frustrated and discouraged.

Granted, our revenues increased considerably. During the last few years, our economic performance has been superior to that of practically every major industrialized nation. The annual deficit has been reduced by $10 billion since 1984. The unemployment rate has gone down dramatically.

However, our deficits must continue to go down, and the national debt as well, otherwise the consequences for our future will be disastrous. The federal government spent $29 billion in 1987-88 just to pay the annual interest on our debt, which totals $322 billion. Those $29 billion represent twice what we spend on economic and regional development; more than twice what we spend on our senior citizens and 15 times the amount spent on re-training and job creation.

Honorable senators, as long as we allow this debt to increase, we reduce our ability to pay for the social programs we have and want to improve. We limit our ability to help those who are destitute, who suffer and who need our assistance.

Our latest budget deficit was almost equal to the annual debt charge. This means that if certain previous governments had not decided to live beyond this country's means, we would not have the problems we have today in balancing the budget. Did governments in the 70's try to do too much?

Of course I am not accusing the federal Liberal government alone. The provinces and the provincial governments of which I was a member probably made the same mistakes. However, I think the question should be asked, both with respect to the economy and to our constitutional efforts. I think we should keep asking questions and try to support any initiative taken by any government whether it is red, blue, provincial or federal, and I urge you to join me.

So the question is whether governments should be less interventionist economically speaking, whether they should eliminate certain services that are not or no longer usual and futher privatize crown property and crown corporations.

I think all this needs serious consideration.

In the 70's, serious budget deficits became the rule. The present Leader of the federal Liberal Party, Minister of Finance at the time, got the ball rolling. His deficit of $1.5 billion in 1971-72 had swelled to $30 billion when our finances came under the "able" leadership of the present illustrious Leader of the Opposition in the Senate.

[Senator Simard.]

I think it is this irresponsibility that has put us where we are today federally with an enormous debt and crushing interest burden. But this whole mess is quite out of character for our country. The idea of throwing caution to the wind, of borrowing massively for nearly a decade to finance expenditures that very often were not required, this completely irresponsible behaviour had no historical precedent.

So within a generation, from 1973 to 1984, our country became one of the industrialized nations with the weakest tax systems. Some will say that it is shocking and that we should try to punish the guilty. I agree with the government that we do not have time to punish the guilty. We must above all put the economy on the right track. It is urgent to live within our means.

This is a political challenge. The government has a responsibility which it has shown itself ready to shoulder: protect our financial integrity by taxing appropriately and controlling expenditures. Canadians have understood this requirement. The last election campaign is proof. They have realized that we can no longer afford to spend money we do not have. They have understood that if we want to maintain our economic prosperity, if we want our taxes to buy services instead of merely paying interest on the debt, we as Canadians must further restrict federal expenditures and agree to make sacrifices.

The fiscal belt-tightening measures taken by the government since 1984 are among the toughest we have seen in decades. Despite that, the debt increased from $190 billion to $322 billion. This shows that even stricter measures are needed. I think that we have no choice: it is either that or a whopping fiscal crisis.

So the government is planning to maintain its laudable efforts to reduce the deficit in order to bring down inflation and interest rates. I think this initiative deserves our full support.

I am also proud to see that our federal sales tax regime is to be improved. The present system is inefficient, unfair and costs us jobs. It would be desirable to replace it with a fairer tax that would make our economy fully competitive and provide a reliable source of revenue to finance our social programs.

I am also proud to see that we plan to put our economic house in order. But I am even prouder to see what we plan to help the taxpayer more directly, the citizen for whom this whole government structure exists.

It is typical of this government that while having the courage to make the necessary administrative decisions, it still has the heart to help those who really need it. Although it is interested in privatizing crown corporations that no longer need to be state-controlled, it does not lose sight of the individual, the taxpayer, the average citizen.

For the Mulroney government, the most important economic initiative is no doubt the development of our fellow citizens' skills. In order to emphasize that resource's priority, the government is announcing an overall strategy for developing

human resources in preparation for a new era, inescapable changes in the way we will do things.

Therefore, there will be literacy, education training and re-training programs. There will also be changes in the Unemployment Insurance Program. The minister announced the contents last week.

The goal is quite simple: a more efficient, fairer system under which it is proposed to direct more resources to active training in order to help people find better jobs.

Already, the opposition has opposed those programs, suggesting this is too early, it is too hard, it is not what the Forget Commission recommended. As if we were under some obligation to accept the Forget Report! Perhaps there will be an opportunity to return to this, but I would urge honourable senators to pay less attention to certain pressure groups and perhaps better appreciate the common good of average citizens in New Brunswick, Ontario or elsewhere.

So it boils down to this: a more efficient system because this government would rather see our people at work than idle. We believe it is more rewarding to an individual if he or she can work, contribute something to society, than live off unemployment insurance or social welfare.

Thanks to steps like these we will be in a position to build a healthier, more competitive economy that will create the jobs and prosperity needed to maintain our quality of life.

But although the Mulroney government had the courage to make difficult economic decisions, although he was called "hard nosed", when the chips are down this is in my view a caring, generous administration.

This government can be proud that during its four years in power it succeeded in making Canadians regain confidence, pride, a conviction they will succeed.

From extreme paternalism we have come to respect for the individual. From the welfare state, I suggest we are coming to a kind of state that assumes its citizens are capable of making it on their own.

[*English*]

We Conservatives are not cold and unfeeling, and we will not allow ourselves to be characterized as such. We are very realistic when it comes to hard economic facts, and we have every intention of bringing the economy of this country under control. It is simply not true, as some bleeding-heart Liberals would have it, that Conservatives do not care about people.

Senator Frith: Including independent Conservatives; is that right?

Senator Simard: Yes, along with every good-thinking, balanced individual in Canada, I would hope.

Senator Frith: That is a contradiction in terms when used in reference to Conservatives!

Senator Simard: However, if the honourable senator cares to check the latest seating arrangement, he will see that I am back in the fold, and was as of September. I thought perhaps he should know that.

Honourable senators, Conservatives do care, whether they are independent Conservatives or not. Increasing numbers of Liberals know that Conservatives care, and that we care far more than those who would cause the disadvantaged to become dependent upon welfare, and confine the allocation of prosperity to the state. This government believes in a safety net, but it also believes that the best welfare system is more job creation, and that the best way to prosperity is through incentive.

[*Translation*]

Honourable senators, it is not because the government is not concerned about the quality of life and certain values such as tolerance and justice that it has opted for deficit reduction. Quite the contrary. We have decided to focus our attention on the economy because only a healthy economy will allow us to maintain quality social programs to help families, our senior citizens, and especially our low-income people.

I heard recently in the House of Commons and on television some people who, contrary to Michel Robert, National President of the Liberal Party, would like to alarm all Canadians. The Mulroney Conservative government would apparently be looking into certain aspects of the so-called "program universality".

I urge people to think also with Michel Robert who announced over the weekend in Montebello that the time might have come to review this universality in such social programs as family allowances, old age pensions and medicare. I urge also all Liberal senators who, according to an annoucement made last week, are about to hold a caucus within the next few days to decide what treatment they will reserve to the legislation introduced by Minister McDougall.

Apparently, the Liberal senators seemed determined to defend at any cost the universality principle. We will watch what the Liberal Party will decide, together with all Canadians generally and all Quebecers in particular. I dare hope that the Liberal Party which forms the majority opposition in the Senate as well as those in the House of Commons will want to share with Quebecers their new vision of our country.

Honourable senators, I for one am in favour of the government being more efficient. Just the same, I do not believe that a government should behave like a private enterprise. I think that enough people within the cabinet and the caucus generally share this view.

The government should not be concerned only about the need to be cost-efficient. It should have a wider and more balanced outlook. I think that, to a certain extent, we have had such a government since 1984 and apparently we are going to continue to have. Sitting as an Independent Progressive Conservative or simply as a Progressive Conservative, I wish to congratulate the government, just as I would have blamed them if they had sacrificed compassion to the simple need of balancing the budget. Let Senator Frith be reassured!

Honourable senators, the Speech from the Throne mentions the struggle against family violence and child abuse, the struggle against drug abuse, the need to encourage research

into AIDS, aging, as well as to review the Young Offenders Act. I see these commitments as a sign of a humanitarian government, sensitive to the values that Canadians hold dear today.

The government has naturally emphasized its concern for the welfare of individuals, so that now it extends to disadvantaged areas.

But as far as we are concerned, we don't want useless programs, stifling bureaucracy, and projects dreamt up by Ontario officials. I think this government is consistent. It simply tries to promote the most promising elements. It tries to promote entrepreneurship. It wants solutions to come from the grassroots.

These principles have been successful during the last four years in the Maritimes, and I am delighted to see that this approach will be continued. Transferring the decision-making centres to the regions and providing continuing support to development agencies in the region is an expression of trust and respect to which people are proud to respond.

However, I believe we must be realistic when we talk about regional development. There are pseudo-intellectuals, academics who have never risked a cent, and journalists who only want to sell headlines, who want to see guarantees of regional economic equality in this country. I don't think that is very realistic. I think, and this was more or less the purpose of my speech this evening, that we must stimulate regional development but not in a uniform manner across the board, with the decisions, as I said earlier, being made by Ontario. I think that is what led to the mistakes that were made in the past. Those who tried to achieve this equality by artificial and imposed means, by strong government intervention, failed dismally, while the brunt of their failures was too often borne by the Maritimes.

I am one of those who believe that we cannot give people resources. People must discover their own resources. Proceeding the other way around only leads to a grotesque distortion of the elementary laws of economics.

In the Maritimes, it is unrealistic to subsidize redundant industries to solve the problems of disadvantaged regions. This merely frustrates the people who pay the bill and humiliates those who are supposed to benefit.

In fact, what we in the Maritimes want, what the people want, is help in finding new ways to make a living and thus participate in Canada's economic development, on our own terms. Our people don't want bandaid solutions anymore than the next person. We want to start new industries and enterprises that will be able to meet our employment needs and that will take advantage of the excellent opportunities we have now in this new era of free trade with the United States and with the whole world.

In the fisheries industry, which is very important to Acadians, a number of problems remain to be solved. The Association des pêcheurs professionnels acadiens recently suggested a strategy for dealing with the problem of shared jurisdiction in this area. Part of the strategy was that any changes in jurisdiction with respect to fisheries would require unanimous consent. These Acadian fishermen realize, however, that we will have to define the role and responsibility of both levels of government in this area.

I feel it is encouraging that the federal government has undertaken to intensify its efforts to end overfishing outside the 200-mile economic zone, and I think our other fisheries disputes will also be resolved satisfactorily.

In this connection, I would ask the Leader of the Opposition in the Senate to concentrate on the long-term benefits for the country instead of trying to score some partisan points during the current provincial election campaign in Newfoundland, as he and his colleagues in the other place have done at the beginning of this parliamentary session.

We will also have to concentrate on transport. What is the use of establishing industries if their future is doomed because they are practically unable to get their goods to market at competitive prices?

My point is that federal aid should be used intelligently, not simply turned on during an election campaign. In this respect, I think the present government is to be commended. From the beginning of its first mandate, this government wanted to examine the situation and let local people consult with entrepreneurs, officials and all parties concerned to find the best way to prepare the Maritimes for playing the economic role they have been waiting for. This is in strange contrast to the usual flood of grants and projects announced the day before an election and to the financing of renovation work on church basements, parish halls, and so forth. I know that every province and every township in the past ten years has witnessed this kind of wasteful spending. I think federal aid should be used carefully and to good purpose. It is a good thing that the richer provinces are willing to help the provinces whose economies are not as strong.

That is one of the reasons which had prompted New Brunswick to sign the agreement in 1981. Well, the agreement was negotiated in 1981 but signed in 1982. It may not have been the perfect agreement but it enabled us to enshrine what New Brunswick had been trying to secure for a long time, namely equalization, the principle under which well-off provinces give assistance to those provinces that are not so well off. But such assistance must be directed towards the industries of the future. And the decisions as to what kind of business will get help will have to continue to be made by the people most likely to receive assistance, namely businessmen and future employees.

I am glad that the government is still committed to finance the Atlantic Canada Opportunities Agency to which I referred a few minutes earlier. I am glad as well that the government purchasing policies will give better consideration to the particular situation of the maritime provinces.

Here again the government continues to show that it is fully aware of the claims of Atlantic residents, with the result that the people back home feel that they are more listened to, more

respected and more supported than they have been for a number of years.

I believe that to be the major explanation for the fact that everything is not perfect, that everything is not as rosy as some of us may have claimed during the election campaign. But neither is everything as bad and as dark as our colleagues opposite would have us believe. Indeed, that would be the main explanation for the hard measures which have been taken over the past four years. We had to tolerate certain delays in setting up the new structures, the approval system, and so on. The point I want to make is that when the New Brunswick Minister of Finance recently made public his economic forecast for 1989 he referred specifically to the rising employment rate. It will continue to be higher than the labour growth factor. He expects the unemployment rate to reach 11.6 per cent, a declining trend for the fourth year in a row since the record level of 15.1 per cent set in 1985.

I will now deal with the issue of national unity. And you can be sure that I will speak to you from the bottom of my heart as an Acadian and a French Canadian.

And the first thing I want to tell you is that we Acadians favor the idea of one Constitution for all Canadians.

Like the federal government, we believe that ratifying the Meech Lake Accord is essential to Canada's continuing constitutional evolution.

The whole French-speaking community in New Brunswick is unanimous; 44 groups appeared at the public hearings a few months ago to attest to that unanimity. It is not the first time but it has not happened very often in the history of New Brunswick that Acadian groups have shown such unity. A document of the Société des Acadiens et Acadiennes du Nouveau Brunswick dated March 1989 says:

> . . . to recognize the advisability of bringing Quebec back into the Canadian Constitution. We have noticed that it is the French language which is threatened in this country and that the integration of Quebec into Canada is not only good for national unity but also essential to maintain and strengthen the French Canadian community. We also said that Quebec's distinct society is a historic and social reality that must be recognized.

It must be said that without Quebec the French Canadian culture would disappear. Without the solidarity of six million Quebecers concerned with having our rights respected, it is assimilation that awaits francophones living in the other provinces.

As Acadians are trying, through Bill 88, that provincial legislation passed some 10 years ago in New Brunswick, to establish the equality of both official language communities in New Brunswick, we would like to see the Meech Lake Accord ratified so we could proceed to other issues such as Senate reform, women's equality, fishing problems, et cetera.

By supporting that initiative, Premier McKenna would follow in the footsteps of two of his predecessors, Senator Louis Robichaud and Mr. Richard Hatfield, who defended in a moving and remarkable way our community's demands.

Despite what Premier McKenna said in Montreal on the weekend, I have doubts and concerns regarding his commitment to that aspect of Bill 88 and the demands of New Brunswick francophones. And I am going to tell you why: I ask myself serious questions when the coordinator of language policy in New Brunswick submits, at the public hearings I mentioned earlier, a paper in English only saying that we must reject the Accord because we cannot build a nation on a linguistic duality. I can table that document if you want me to.

I wonder where this Mr. Vincent has been hiding all these years. How does he think this country was built? Where does he think this Canada of ours came from? Who built it? Who shaped it? Two founding peoples, two cultural entities, most importantly two linguistic groups.

We have built it together and, whether French-speaking or English-speaking, we love it just the same. And it hurts to be told that a country cannot be built on linguistic duality. To say such a thing is insulting to francophones and it is out of touch with reality.

Mr. Vincent will tell us that he appeared at the public hearings on the Meech Lake Accord in a private capacity and that that was his democratic right as a Canadian.

But Mr. Vincent is not an ordinary Canadian. He holds a strategic position which demands caution, if not silence, in this case. I think Mr. McKenna owes Acadians an explanation, if not an apology.

The Meech Lake Accord offers us a tremendous opportunity. This exercise could be decisive for the Acadian people. The present constitutional context is the ideal time to entrench our collective rights in the Constitution. That is what is at stake with Bill 88: the collective rights which the Acadian people have been denied by history.

The entrenchment of our Bill 88 would offer the Acadian people linguistic protection in the management and the homogeneity of the education system, in the area of health and in the promotion of cultural identity.

This bill would fill a void created by section 2 of the accord which simply notes the presence of Acadians in an anglophone region and would recognize Acadia as a distinct community with equal status, rights and privileges.

For many Acadians and for me, it would be unthinkable that Bill 88 be enshrined if the Meech Lake agreement is not ratified. If Quebec is not brought back into the Constitution, the Canadian francophonie will be in danger. The need to integrate Quebec into Canada is not only a guarantee of national unity, it is necessary for the preservation of our language and our culture.

The distinct society of Quebec is an historical as well as a sociological reality and it must be recognized that we Acadians also constitute a distinct society. That recognition is an important element in the development of the historical and political reality of our community.

I have said, and others did before me, that the Meech Lake constitutional agreement is no more perfect than the 1982 Constitution Act. But it represents a tremendous improvement.

It is another stage in a process that should lead eventually to a constitution that all people consider acceptable.

I am one of those who believe that we can no longer leave Quebec on the sidelines. Let us sign the agreement and amend it later. That will be the next stage.

Besides, Mr. McKenna, a long-time political observer, must remember how difficult it was for the first ministers to come to an agreement in 1981 and 1987. They all agreed both steps were necessary in the long constitutional process. Mr. McKenna is offered today a wonderful opportunity to exercise the leadership expected of him, as Richard Hatfield did when he approved Prime Minister Trudeau's constitutional initiative in 1981 even though it was enormously risky from a political point of view.

When that exercise is over, there will still be plenty of matters for negotiation and consultation before coming to an agreement. But it will be done then with full respect for others, with the active participation of Quebecers and without the risk that everything that has always held us together would collapse.

Acadian organizations were also criticized for having put too much emphasis on the entrenchment of both New Brunswick communities in the Constitution, hence diminishing the importance of other concerns raised by the accord. These organizations unanimously responded by saying:

> ... as long as the fundamental issue of language in New Brunswick will not have been resolved, it will be difficult to fully participate in any debate on other elements of the Accord.

Honourable senators, whatever its opponents might say, the Meech Lake Accord does represent a compromise, and not only a concession made by the Quebec government. We think that all Canadians will benefit from it. For us, the right-thinking Conservative Canadians, this new compromise solution, this new willingness to quietly put an end to the differences which are now separating us, this moderating behaviour represent the contribution of the Mulroney government to the Canadian people.

• (2120)

[*English*]

Fellow senators and dear colleagues, yes, I am a proud Acadian and I am a proud Canadian. I have nothing but respect for the other official language. Therein lies the answer to those emotional questions which divide us today. Respect that is genuine must generate friendship and affection. When that happens, whose language is spoken and whose language appears on signs are matters that take their proper place—that is, they will pale into insignificance.

[*Translation*]

The legislative program articulated in the Speech from the Throne is a good one. It deserves our support. However, I do not expect Senator MacEachen and his skilful colleague Senator Gigantès to change their minds. They are too concerned with justifying the Liberal record to agree even for a moment that Canadians may have been right in entrusting the government of the country in 1984 and 1988 to a team that had a new vision of Canada, even if it was different from their party's.

Senator Murray, who was then working in New Brunswick and for several years followed New Brunswick politics and even contributed very positively to the government of New Brunswick, will remember. It would not be the first time that I have seen a defeated Liberal Party continuing to call into question the voters' judgment and to believe that it alone is fit to govern a country or a province.

Indeed, the provincial Liberals acted the same way from 1970 to 1987 in New Brunswick. That did not prevent the Hatfield team from making the necessary courageous decisions to repair the damage left behind and earn the confidence of a majority and especially the trust of the Liberal Party's traditional clientele, the French-speaking electorate.

But I shall console myself, honourable senators, by saying that our parliamentary system requires an opposition and that the opposition has to decide what role it wants to play. For the last four years of the Mulroney government, since 1984, the opposition has nit-picked and found fault with everything. They have gone on a witch hunt on the slightest pretext.

But in spite of all that, the Canadian people, satisfied with the quality of government provided them in the past four years, renewed Prime Minister Mulroney's lease.

It is the same government that again presents to us in the Speech from the Throne a program and an agenda which show great understanding and high devotion to the national interest.

The government shows courage, vision, perspicacity and leadership. Its plan for our country's future deserves our full support. That is what I ask of you today, honourable senators.

[*English*]

Hon. Charles McElman: Honourable senators, may I pose a question to the Honourable Senator Simard?

Senator Simard: By all means.

Senator McElman: I understood you to say that Bill 88 could not be incorporated into the Constitution unless Meech Lake were first approved. Could you explain fully what you mean there? It would be my understanding that, if the federal and provincial governments both agreed, that amendment could be made.

Senator Simard: The reason I said that was that, having watched and listened to Premier McKenna, I now feel that he would not want to be seen as doing anything piecemeal or to be seen to be catering to the Acadians. When it comes to a constitutional matter, he would not want to be seen by anglos and francos in New Brunswick, or by other Canadians, I suppose, as not dealing with the other preoccupations that, according to Mr. McKenna, are raised in the Meech Lake Accord, such as fisheries and so on. I have no problem with that. It was encouraging, though, to hear him last week, when being more precise than he had ever been he said that, yes, when Meech Lake was done, the other concerns could be dealt with almost simultaneously.

I have to thank Senator Murray and people at the federal level, who are already on record as saying that, if requested by the provincial governments and their legislatures, they would agree to grant this request if it came along. However, it is my feeling that Premier McKenna would want to address as many things as possible. If it looked as if we were to miss the boat because New Brunswick, and possibly other provinces, had decided not to accept Meech Lake, it is my feeling that Mr. McKenna would not go ahead with those other concerns—and there may not be a time for years to come that the country and the provinces will be zeroing in and looking at constitutional reform.

For seven months there was a good feeling—with a few exceptions—and I think that is still the case. I think there is a real desire on the part of Canadians to take this second step, or to agree to this second round, and if that leads to a third round, then the other issues will be addressed. It was on that basis that I said that I did not think that we could have the entrenchment of Bill 88, this provincial legislation, unless Meech Lake passed.

Senator McElman: Yes. I wanted to get that clear. As I understand it, then, you are saying that there is no constitutional impediment to the Province of New Brunswick and the Government of Canada agreeing on achieving that, if, as some people suggest, with some fine-tuning, the principle of Bill 88 can be incorporated into the Constitution. That is the correct interpretation of what you had to say?

Senator Simard: Yes.

Senator McElman: I have one further question.

Senator Simard: However, the request would have to come from the Province of New Brunswick.

Senator McElman: Yes, of course.

Senator Simard: The federal government is on record as saying it will agree.

Senator McElman: I have a second question. Earlier in your remarks, Senator Simard, you spoke with some harshness about some governments that had built up deficits and increased the public debt and the carrying charges, and so on, but I noticed that you had a more sympathetic feeling towards governments that, during the 1970s at the provincial level, did the same thing. The harshness was not in your tone.

Senator Simard: Yes.

• (2130)

Senator McElman: Could that be because during that period the honourable senator was the Minister of Finance in New Brunswick, when the budgetary deficits climbed immensely and the public debt of New Brunswick climbed immensely, and, quite by coincidence, the Honourable the Leader of the Government in the Senate was the deputy minister to the premier at the same time? Would that have a bearing?

Senator Frith: Just a coincidence!

Senator Perrault: An incredible coincidence!

Senator Simard: I think the record will show that I said I was not going to put all of the blame on a particular federal government, whether that federal government was a Liberal government or not. In fact, I purposely left my text to make sure questions like those just raised could not be raised—too often, anyway.

I said that perhaps the provincial government was guilty, and I included myself in that. As a matter of fact, I happen to be one of the very few finance ministers of New Brunswick to have balanced the books, and that was from 1971 to 1975. After that there were other problems. Perhaps we had good times—and that was after we had removed a whole array of taxes, if you will allow me to say so.

Senator Murray: And had brought in medicare.

Senator Simard: Yes, and had brought in medicare. I am sure Senator McElman does not want to spend too much time on that.

Senator McElman: I am glad I raised the question.

Senator Simard: I want to be fair. Perhaps that was the way of life then—a "come and get it" approach. I suppose we were as responsible for that as other governments were.

Then I came back to the federal scene, and we can only deal with the last 15 years, and they happen to be Liberal-government years. For most of those years Senator McElman was the head cashier.

Senator McElman: Let me say that I like Senator Simard's explanations and modifications better than his earlier comments.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, April 18, 1989

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

Prayers.

DISTINGUISHED VISITOR IN GALLERY

PRESIDENT OF CANADIAN BAR ASSOCIATION

Hon. Jean Bazin: I should like to draw to the attention of honourable senators the presence in the gallery of the president of the Canadian Bar Association, Mr. Pat Peacock, Q.C., of Calgary, Alberta.

Mr. Peacock is with us today as part of the celebrations associated with Law Day. Law Day, commemorated nationally on the anniversary of our Charter, is sponsored by the Canadian Bar Association and is aimed at providing the general public with an increased awareness of our legal system and how it works. The theme for this year is "Access to Justice".

[*Translation*]

In recognition of the work accomplished by the Canadian Bar Association to promote legal training and education throughout Canada, I want to point out that the CBA, which represents jurists at the national level, joined with the Department of Justice, the Law Reform Commission of Canada and with provincial legislatures to help the public get acquainted with our judicial system and our legal institutions.

[*English*]

Across the country thousands of lawyers and notaries are going out into the communities they serve to demystify the law and inform their fellow citizens about their constitutional rights. Canadians from all walks of life coast to coast will be learning about how the law works and how it should work for them.

[*Translation*]

In numerous cities, there will be information stands, law court tours, student-tribunals as well as other public activities aimed at helping Canadians learn more about law.

[*English*]

I would ask honourable senators to please join me in acknowledging the presence of Mr. Peacock and the work done by the Canadian Bar Association regarding National Law Day, 1989.

Hon. Senators: Hear, hear.

THE LATE MARK GORDON

TRIBUTE

Hon. Lorna Marsden: Honourable senators, I am sure all of you will have seen recently the notice of death of Mr. Mark Gordon. Mr. Gordon, who appeared before the Committee of the Whole on the Meech Lake Accord on December 16, 1987, was a young Inuit lawyer and was also president of Makivik Corporation. He was a most effective speaker, both on the Constitution and on behalf of his people, and told us with great eloquence how the constitutional process was affecting the native people in this country.

Mr. Gordon said, and I am quoting from his testimony of that day, "We are left in what I would call a legal twilight zone when it deals with some of the basic legal rights of individuals within our society." He went on to describe the problems in family law, in property law, in criminal law and in the constitutional process.

His death leaves a great gap in our country and in our society and has been a cause of great grief for his family, his friends, and for his cousin, Senator Watt; but for those of us who did not know him personally, and therefore do not grieve with his family and friends in that sense, although we knew the role he was playing in the ongoing development of the Constitution of our country, it leaves just as great a gap, perhaps one that in many ways cannot be filled.

I think all members of the Senate will join me in extending to the members of his family and his community our sense of great loss and sorrow on his passing.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, April 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FOURTH REPORT

Your Committee recommends that the amounts for discretionary and non-discretionary research expenditures, as specified in the *Guidelines for Senators' Research Expenditures*, adopted by the Senate on Tuesday, May 3, 1988, be increased as follows:

1. Up to $15,000 which may be allocated at the Senators' discretion.

2. Up to $35,000 which may be allocated upon application to the Ad Hoc Committee.

Your Committee informs the Senate that the Ad Hoc Committee will make a review of the *Guidelines* in the near future.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

Hon. Roméo LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be taken into consideration later this day. In fact, I should tell honourable senators that, for their comprehension and discussion of the Estimates, we felt that this item should be joined, examined and approved, or not approved, all at the same time.

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

Hon. Senators: Agreed.

Motion agreed to and report placed on the Orders of the Day for consideration later this day.

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—NOTICE OF INQUIRY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I give notice that on Tuesday, May 2, 1989, I will call the attention of the Senate to the Budget Statement of the Minister of Finance.

POVERTY

ASPECTS OF PROBLEM—NOTICE OF INQUIRY

Hon. David A. Croll: Honourable senators, I give notice that on Wednesday, April 26, 1989, I will call the attention of the Senate to the problems of welfare and poverty, under the headings: (a) Women in Poverty; (b) Children in Poverty; (c) Minimum-Wage Poverty; and (d) Food Banks.

NATIONAL SECURITY

BUS HIJACKING—NOTICE OF INQUIRY

Hon. William M. Kelly: Honourable senators, I give notice that on Wednesday next, April 19, 1989, I will call the attention of the Senate to the hijacking incident that occurred in Ottawa on Friday, April 7, 1989.

PAROLE AND CORRECTIONS

NOTICE OF MOTION FOR TABLING OF DETENTION PROVISIONS EVALUATION REPORT

Hon. Earl A. Hastings: Honourable senators, I give notice that on Thursday next, April 20, 1989, I will move:

That there be laid before this House a copy of the Evaluation Report of Detention Provisions contained in Bill C-67, *to amend the Parole Act and the Penitentiary Act* of 1st Session of the 33rd Parliament, prepared for the National Parole Board and the Correctional Service of Canada and completed in September 1987.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTINGS OF THE SENATE—DEBATE AJOURNED

Hon. John B. Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Standing Senate Committee on Foreign Affairs have power to sit at four-thirty o'clock in the afternoon on Tuesdays for the balance of the present session even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

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

Some Hon. Senators: Agreed.

Hon. Charles McElman: Honourable senators, could we have an explanation of this motion? It has not been the practice of the Senate to give blanket authority for the duration of an entire session. It is a most unusual approach and I hope there is some acceptable explanation for it.

Senator Stewart: Honourable senators, I understand that the time at which this committee met in previous sessions was 4 o'clock in the afternoon on Tuesdays. Representatives of both parties in the Senate thought that if the time of the committee meeting were set back to 4:30 the occasions of overlaps between the work of the Senate chamber and the work of the Foreign Affairs committee would be very rare, so that little would be lost if the Senate gave this permission to the end that the Foreign Affairs committee could plan its work in an orderly way.

As honourable senators are aware, the Senate has been given the important task of monitoring the implementation of the Free Trade Agreement. That task has been referred to the Foreign Affairs committee. We expect to do a great deal of work. We expect that witnesses will be coming from outside Ottawa—indeed, perhaps from outside the country. In these circumstances it would be most helpful if honourable senators could see their way clear to facilitate the work of the committee by granting it permission to meet regularly at 4:30 on Tuesday afternoons.

Senator McElman: Honourable senators, I regret that I am not able to agree at once with my honourable colleague. I simply draw to the attention of honourable senators that the work of this chamber has to have precedence at all times over the work of the committee. The chairman of the committee has just now told us that the occasions on which this request would have to be made of the Senate would be rare. It seems to me that we would be establishing a bad precedent in giving

to any committee blanket authority by which it could get round a rule—and a good rule—for a full session.

I hesitate to do it, but I recommend that this motion not be accepted and that on those few occasions to which the chairman has referred he does what has always been done in the past—that is, that he ask, on behalf of the committee, for permission to meet while the Senate is sitting. Since those occasions will be rare, as proposed, I am sure that the Senate will not be averse to giving that permission.

• (1410)

Senator Stewart: Honourable senators, I asked for leave, and leave was granted. I have made my motion. I can add nothing further that might persuade Senator McElman, and I suppose that is it. The motion is before the Senate.

On motion of Senator Hastings, debate adjourned.

CORRECTIONS

NOTICE OF MOTION TO AUTHORIZE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TO STUDY REPORTS OF CORRECTIONAL INVESTIGATOR

Hon. Earl A. Hastings: Honourable senators, I give notice that on Thursday next, April 20, 1989, I will move:

> That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the Fourteenth Annual Report of the Correctional Investigator for the period June 1, 1986 to May 31, 1987, and other Investigation Reports by the Correctional Investigator; and
>
> That the Committee present its Report no later than December 31, 1989.

QUESTION PERIOD

AGRICULTURE

GATT NEGOTIATIONS—INTERNATIONAL GRAIN SUBSIDIES—REQUEST FOR PROGRESS REPORT

Hon. H. A. Olson: Honourable senators, I should like to ask the Leader of the Government to give us additional information on the meetings that were held in Geneva at the GATT respecting the so-called export subsidy war.

The press reports in the last few days have indicated that there was good progress and that they were making satisfactory accommodations—and there were other laudatory comments such as that. However, there has been no detailed information regarding what has taken place at those meetings in Geneva to justify these comments.

Obviously, the Leader of the Government will understand that farmers in western Canada, who are now beginning or will soon begin to plant their 1989 crops, will be very interested to know the basis for the indication that there has been good progress at these meetings. The Leader of the Government presumably has the complete answer to this question, but, failing that, would he give an undertaking to obtain a report from the Minister for Grains and Oilseeds outlining in some detail why optimism was expressed after the meeting concluded?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I seem to think that my colleague, the Minister of International Trade, Mr. Crosbie, issued a statement some time ago following those meetings. However, I shall take the advice of the honourable senator and obtain a written report from Mr. Mayer as soon as possible.

FEDERAL ELECTION, 1988

REPORT OF CHIEF ELECTORAL OFFICER—CRITICISM OF BUSINESS COMMUNITY'S INTERVENTION

Hon. Jack Austin: Honourable senators, the Chief Electoral Officer, Jean-Marc Hamel, has now made his report to Parliament on the last election. One of the statements he makes relates to the participation of business in electoral issues. He says:

> It's as if two boxers get into a ring under the same rules, in the same weight category, with the same gloves and, all of a sudden, a spectator jumps in and starts hitting one of them with a hammer.

Senator Perrault: Hear, hear!

Senator Austin: Michel Gratton, in an editorial article in the *Ottawa Sun*, says:

> Now that is a pretty damning assessment coming from the chief electoral officer. What he's saying, in the end, is that some interest groups contravened the spirit of the law to favor a political party.

I should like to ask the Leader of the Government in the Senate whether he agrees with the Chief Electoral Officer's view of the intervention of the business community in the last election, contrary to the spirit of the Canada Elections Act.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have not read any more than the news reports—

Senator Perrault: Disgusting!

Senator Murray: —of the report that Mr. Jean-Marc Hamel brought in, so I am not in a position to comment on the rather dubious interpretation—

Senator Perrault: "Dubious?" What kind of standards do you have?

Senator Murray: —that the honourable senator has made of his report. I would like to see whether the honourable senator's interpretation is justified.

Senator Perrault: Dubious!

Senator Murray: As for the question of policy in principle, there was legislation in this place under the previous government.

Senator Perrault: He would be trapped there. Dubious!

Senator Murray: I spoke on it and, indeed, voted in favour of it. If I am not mistaken, the legislation ran afoul of the Charter of Rights and Freedoms in a court case. My memory may be faulty, but, in any case, I agree that the whole question of third-party advertising, which is the issue, needs to be addressed. It is our intention to have a full review of the relevant legislation in that respect.

Senator Austin: Honourable senators, I must say that I am pleased with the government leader's—

Senator MacEachen: Hear, hear!

Senator Austin: —concluding comment that the matter of electoral practices, including the one I referred to, will be reviewed by the government. The Leader of the Government in the Senate will know that an Alberta court found a provision of the Canada Elections Act contrary to the Charter of Rights in terms of issues relating to free speech. That issue was not appealed by the government, and the government had more than adequate time in the last session to deal with the issue by legislative means.

Senator Murray: You mean the "notwithstanding" clause?

Senator Austin: Pardon me?

Senator Murray: The "notwithstanding" clause? I would suggest to you—

Senator Austin: No, by ordinary legislative means, as the government leader knows.

Senator Murray: Oh.

Senator Austin: As far as your reference to "dubious" is concerned, all I did was quote the Chief Electoral Officer and a certain reporter well known to the government leader.

Senator Perrault: You called them "dubious".

Senator Denis: He is not on the road!

THE ECONOMY

INCREASE IN INTEREST RATES—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government in the Senate if the government intends to do anything about the enormous, exorbitant interest rates now being charged. What is referred to as the prime rate is now well over 13 per cent.

For the minister's information, there was a time when he not only suggested but also insisted that the interest rates and other actions taken by the Bank of Canada were ultimately the responsibility of the government. He will recall when he made those arguments so eloquently. Therefore, I would like to—

Senator Balfour: Do you recall when they were at 21 per cent?

An Hon. Senator: A selective memory!

Senator Olson: The minister brought up some problems respecting that, that is right. His interpretation of the Bank of Canada Act at that time was that the government was ultimately responsible.

I should remind him also that a great deal of economic activity is cooling off, in some cases dropping rather drastically in the part of Canada which I come from, because of these interest rates that are designed to deal with a situation in southwestern Ontario, and particularly in Toronto. Therefore, based on the minister's well-known interpretation of the government's responsibility, could the Leader of the Government tell us what the government intends to do about it?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, so far as the ultimate responsibility of the government for monetary policy is concerned, I would do no more than draw his attention to the relevant act concerning the Bank of Canada, its governor, the circumstances and their relations between the government and that officer.

• (1420)

So far as the ultimate responsibility of the government for economic policy and the health of the Canadian economy is concerned, I assure the honourable senator that we accept that responsibility. Also, so far as interest rates are concerned, I assure the honourable senator that the Minister of Finance will bring in a timely and appropriate budget next week, which I think will have the effect, ultimately, of encouraging the Governor of the Bank of Canada to relax monetary policy, as he said he would do if the fiscal authorities got it right, as we intend to do.

Senator Olson: Honourable senators, there seems to be a profound change, if not in the interpretation at least in the process that should be taken by the government—

Senator Murray: Not at all!

Senator Olson: Honourable senators, I remember a time when the Leader of the Government sat on this side of the house when interest rates were escalating somewhat. He was on his feet every day, reminding the government that they had the responsibility at that time—and not some time later, after a budget or after something else, but right then—to have some influence on the interest rates that were cooling off the legitimate economic activity in Canada. I am just asking the Leader of the Government in the Senate whether or not he takes that interpretation of that particular responsibility seriously and whether this government intends to do something about it.

Senator Murray: Indeed, honourable senators, and the most positive influence that this government can exercise on high interest rates is to have an appropriate fiscal policy. That is the determination of the government and, in particular, of the Minister of Finance.

Let me also remind the honourable senator that this government has brought in measures which have the effect of mitigating high interest rates in certain slower-growth areas of the

country. For example, in the Atlantic provinces and, I believe, in western Canada, under the regional agencies, we are in a position to provide assistance to business with what are commonly called interest rate buy-downs. That is the kind of flexible and very positive regional policy that this government has introduced, and which is having the effect of accelerating regional development in the country.

Senator Olson: Honourable senators, I should like to remind the Leader of the Government that the ordinary, good businessman who wants to go to a bank to make a loan in order to expand or to enter into a new business is not helped one iota by having to go through the process of making an application to the Western Economic Development Agency, or a regional agency of any kind. I am talking here of good, honest, enterprising Canadians, and I reiterate that there has been absolutely no relief given by this government for the type of interest rates that they are facing. I also want to repeat that it was the Leader of the Government himself who indicated that it was the responsibility of the government to make sure that the rank and file and the great majority of good, honest, Canadian businessmen had access to loans at a reasonable rate.

Senator Murray: Honourable senators, I resent the implication that entrepreneurs in Atlantic Canada and the prairie provinces are not good, honest and reliable.

Senator Olson: What have you done to help them?

Senator Murray: I told you: We have introduced interest rate buy-downs.

Senator Olson: No, honourable senators, it is not a satisfactory answer to say that these good, honest men must go to the Western Economic Development Agency and obtain a grant every time they need to go to a bank for a loan.

Senator Murray: I assure the honourable senator that these good, honest, reliable entrepreneurs in Atlantic Canada and in the western provinces have been rushing to take advantage of these very progressive provisions in the policy and in the legislation governing those two agencies.

Senator Olson: Honourable senators, I have one further question. Is the Leader of the Government in the Senate now saying that each and every businessman or entrepreneur who wants to have access to reasonable loan rates must go through all of this red tape, and that the government does not intend to do anything about the rate charged to such a businessman when he goes into his local bank?

Senator Murray: Honourable senators, again the most positive influence that the Government of Canada can bring to bear on high interest rates is to bring in an appropriate fiscal policy so that the policy of the monetary authorities is not left to carry too much of the burden of fighting inflation. That, I assure you, is the determination of the Minister of Finance and of the government. We have it on the record on several occasions from the Governor of the Bank of Canada that, in response to an appropriate fiscal policy, he would, over time, relax interest rates.

[Senator Murray.]

Senator Olson: It sounds like you are on the road to Damascus again.

HEALTH AND WELFARE

DESTRUCTION OF IMPORTED CHILEAN FRUITS AND VEGETABLES—SOURCE OF GOVERNMENT AUTHORITY—EXTENT OF CLAIMS FOR DAMAGES—CONSEQUENCE FOR EXPORT OF CANADIAN AGRICULTURAL PRODUCTS

Hon. Peter A. Stollery: Honourable senators, I have a question for the Leader of the Government about a matter that occurred while Parliament was adjourned. It is about the destruction of $20 million worth of Chilean fruit and vegetables by order of the Government of Canada. I would like to know on what authority the government decided to destroy this huge quantity of fruits and vegetables on the basis of, I believe, two poisoned grapes found in Philadelphia. On what authority was that decision taken?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall make inquiries of my colleague, the Minister of National Health and Welfare, on that matter.

Senator Stollery: While the leader is making those inquiries, I would like him to ask about the claims for damages—specifically the extent of claims against the Government of Canada by the importers and the various people involved in the fruit and vegetable trade, and also what the government intends to do about the matter.

Senator Murray: Honourable senators, I shall ascertain what information, if any, I can properly bring before the house on that matter at this time.

Senator Stollery: At the same time as the leader is asking about those other matters would he determine whether the government has received any information to the effect that there may be consequences for the export of Canadian agricultural products because of this rather outlandish situation that arose a few weeks ago, when, as I say, Parliament was adjourned?

Senator Murray: Honourable senators, I shall draw the honourable senator's question to the attention of my colleague.

THE CONSTITUTION

PRIME MINISTER'S STATEMENT ON WORTH—POSITION OF GOVERNMENT AND OF SENATE GOVERNMENT LEADER

Hon. Jerahmiel S. Grafstein: Honourable senators, last week the Prime Minister said that the Constitution of Canada was not worth the paper it was written on. The Prime Minister has not seen fit to withdraw those comments. The Leader of the Government in the Senate is reponsible for federal-provincial relations and, further, for constitutional reform in this country. I wonder whether or not the Prime Minister's statement is government policy. If it is, perhaps the Leader of the Government could clarify it for us. I would also like to know

whether or not the Leader of the Government in the Senate subscribes to the Prime Minister's views.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have dealt on a number of occasions in this house with the "notwithstanding" clause and with the government's position on it, most recently in my contribution in the Speech from the Throne debate. I deplore my honourable friend's absence from the debate that day, but I shall arrange to have a copy of *Hansard* sent to him so that he may read it.

Senator Argue: Oh, come on!

Senator Grafstein: Honourable senators, respectfully, I do not think the Leader of the Government has responded to the question. The question is whether or not he, the Leader of the Government, subscribes to the Prime Minister's statement, which has not been withdrawn, that the Constitution of Canada is not worth the paper it is written on. Does the Leader of the Government personally subscribe to that statement and is that government policy?

Senator Murray: Honourable senators, I certainly subscribe to the statement that the Prime Minister made and which has been quoted in part by the honourable senator today.

Senator Frith: There you are: A good, straightforward answer!

SOLICITOR GENERAL

REPORTS OF CORRECTIONAL INVESTIGATOR—REQUEST FOR TABLING

Hon. Earl. A. Hastings: Honourable senators, my question to the Leader of the Government in the Senate pertains to the fourteenth annual report of the Correctional Investigator covering the period from June 1, 1986, to May 31, 1987. I would draw to the attention of the minister the fact that the report has been in the hands of the government for one and a half years, which seems a rather long and inordinate amount of time for the minister to hold a report of just 30 pages and containing simply ten concerns of the Correctional Investigator.

• (1430)

In his report the Correctional Investigator did say: "The addressing of issues referred to the office of the Commissioner of Corrections this year was, in his opinion, characterized by excessive delays and absence of thorough, objective review and a reluctance to make decisions". It seems that he could apply the same observations to the government's handling of the report.

In any event, the report was dropped late on a Friday afternoon, when Parliament was not in session, with the off-hand remark by the minister that internal changes had been made to take into consideration the report. That may or may not be the case.

Honourable senators, I would point out that the fifteenth report of the Correctional Investigator has been in the hands of the minister now for nearly a year, and I am asking the Leader of the Government in the Senate to consider consulting his colleague, the Solicitor General, to seek the early release or early tabling of that document in order that it might be considered by the committee of this house, along with other investigative reports that indicate that the Correctional Service of Canada is "less than accurate and certainly not forthcoming" with respect to expressed concerns.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I also note that the Correctional Investigator, Mr. Stewart, has indicated that in his view the handling of inmate complaints has improved remarkably in the last little while.

In any case, I accept the honourable senator's question and I will ask my colleague, the Solicitor General, to let me have a report as soon as possible on the matter.

Senator Hastings: As a supplementary question to the minister, I should like to point out to him that June 18, 1986, was the last date on which a report of the Correctional Investigator was tabled in this house. Moreover, the thirteenth report covering 1985-86 and this last report covering 1986-87 have never been presented to Parliament and have never been tabled in this house. Would he also ask the minister if he might end this practice and table these documents for the benefit of parliamentarians?

Senator Murray: Honourable senators, I shall draw my honourable friend's questions to the attention of the Solicitor General and I shall bring in a report very soon.

FINANCE

FISCAL YEARS 1988-89 AND 1989-90—PROVISIONS OF FUNDS—REQUEST FOR ANSWER

Hon. John B. Stewart: Honourable senators, on Tuesday, April 4, I asked questions concerning the provision of funds to the government and the use of borrowing authorities.

If I heard correctly today, the Deputy Leader of the Government in the Senate has laid on the table documents concerning appropriations by Governor General's special warrants, which probably would cover the first of the questions I asked on April 4.

However, the second question seems to remain unanswered. If the Leader of the Government is not going to deal with that question today by way of delayed answer, will he try to deal with it tomorrow?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I saw today a delayed answer to the question my honourable friend asked. Communications between the deputy leader and my office seem to have broken down, but I shall see that the answer is in the hands of the deputy leader if not later today then certainly tomorrow so that it can be conveyed to the honourable senator.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Frith*), (*4th day of resuming debate*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the Speech from the Throne may be one of our traditions that could be improved by examination and revision. Mr. Douglas Fisher, who is now a journalist, but on matters of this kind not a mere journalist—or, had I better say, "not merely a journalist," because he had a very distinguished parliamentary career—was recently most critical of the Speech from the Throne.

Commenting on its ceremonial impressiveness, he said:

> So what's wrong with it—firing the guns, "dressing up," red carpets, traditions, Black Rod, blah words and phrases, and all such stuff?
>
> The answers can be put in a set of questions. What's right with it? What good does all the sham do? Doesn't such archness, hyperbole, evasion, and bluff belittle an already belittled institution and the politicians we've elected?
>
> The reigning elements in Speeches from the Throne are as archaic as a non-elected Senate—

An Hon. Senator: Hear, hear!

Senator Frith:

> —with great powers, even if it doesn't dare use them, most of the time. (Like nuclear-powered submarines, the reform of the Senate was not included in Monday's screed.)

He then goes on to examine this particular Speech from the Throne. It may be that modifications in objective, style and content could answer many of Mr. Fisher's criticisms. For example, we might take the best elements of our Speech from the Throne and combine them with the best aspects of the State of the Union Address, as provided for in the United States Constitution. That State of the Union Address reports on the state of the nation, and that is an element not featured in our Speech from the Throne.

I could see some specific and general advantage for the country if each session opened with the government's assessment of the economic, social and political state of the country. Such an assessment would be an excellent foundation for the legislative proposals made in the Speech from the Throne.

However, even in its present form the Speech from the Throne can have one very useful purpose. It can serve as a test of the government's sincerity or lack of it. The self-congratulatory piety that can so easily creep into a Speech from the Throne is the result of a perhaps understandable giving-in to an irresistible temptation, because, although the occasion is mostly ceremonial, the government does momentarily have the attention of the nation. It is usually full of what the government is going to do rather than when and how it is going to do it. That brings me back to its usefulness.

It could be the first stage in what we would call a "T Scan", a test of the trustworthiness of the government, where hypocrisy will lower the score and evidence of sincerity raise it, let us say on a scale of zero to ten.

How would this Speech from the Throne and Senator Murray's defence of it score on the T Scan? I think we should work out its score on seven topics that were featured in the Speech from the Throne and in Senator Murray's defence of it. The seven are: national reconciliation; the "notwithstanding" clause; foreign policy; defence; unemployment insurance; housing; and child care.

Assuming that hypocrisy will lower the score and sincerity will increase the score on the scale of ten, that means that on those seven topics there would be a total possible score of 70 for the government.

So let us start with national reconciliation and see how it scores on the trustworthy scan.

Senator Murray: How long is this going to take?

Senator Frith: I beg your pardon? How long will the speech take?

Senator Murray: Yes.

Senator Hastings: No longer than yours.

Senator Frith: Would you like me to tell you how long your two speeches took? Did I ask?

Senator Petten: Of course not.

Senator Nurgitz: Did you care?

Senator Frith: Yes. I will tell you how much. I cared probably as much as Senator Murray cares. He just wants to know how long he has to sit there, right?

Senator Murray: I do not have to sit here at all. I have other things to do.

• (1440)

Senator Frith: Just settle down and we will get on to the score taking.

In his reply to the throne speech Senator Murray stated, "I believe it is fair to say that national reconciliation has been achieved." And that in the field of—don't laugh; let's see how they score—federal-provincial relations: "Hostility and mistrust have been misplaced by mutual respect and shared purpose."

Now, let's cock an ear for all this harmony.

Senator Perrault: The barber shop quartet.

Senator Frith: There was, of course, the CF-18 maintenance contract, where the Premier of Manitoba said to the Prime Minister—

Senator Murray: The former Premier of Manitoba.

Senator Frith: Yes, the former premier. I can understand these interruptions. I suspect that Senator Murray knows what the quotation is going to be. He also knows that his interruptions will lengthen the speech. He also knows that I love being on my feet.

Here is the quotation to support the harmony that was referred to. This is from the premier of a province. He said of the Prime Minister, "I can't trust this man... [his words have] turned out to be as meaningless as the rest of his commitments on this contract".

Senator Doody: What about the others?

Senator Frith: Do you want someone who is more politically alive? There may be some question about this, but what about John Crosbie? Is he contemporaneous enough and geographically appropriate enough for Senator Doody?

Mr. Crosbie, in order to sing a harmonious tune, called his provincial premier "a crybaby". Then our ears were filled with Senator Murray's sweet harmony during the "space agency" and "international banking centre" episodes.

During the election Mr. Lucien Bouchard did not sing very harmoniously when he claimed that—and remember, honourable senators, we are looking at national reconciliation having been achieved. That is what we are testing. Mr. Lucien Bouchard said, "The very rich province of Ontario" opposed free trade because the tariff structure had "filled its own pockets". Mr. Bouchard went so far as to compare the free trade debate with the Quebec referendum campaign of 1980. All in the spirit of neighbourly love, he claimed that, in both instances:

> Liberals [and] Ontarians intervened heavily to scare a fraction of the Quebec population into preserving the status quo.

Then he continued his analysis as follows:

> Look at this debate [on free trade] with the eyes of a Quebecker from the yes side. In 1980, Ontarians came to Quebec to tell us: "You are ghettoizing yourselves. Don't do that. Open up to the world instead; do like us".
>
> Well, they convinced us. Quebec chose not to separate, and to become an active partner in Confederation, and to open up to the world. Now, they want us to stop?

Mr. Bouchard went on to state:

> That happens every time Quebec is on the verge of a significant breakthrough. This time, it is an economic breakthrough.

The harmonious theme there is that every time Quebec wants to do something, Ontario tries to stop it.

On the question of the free trade debate—and this is a parenthetical insert—the Leader of the Government in the Senate referred in his speech to the "political success of the FTA in the last election."

The Senate had made a promise that, if the government won the election, it would pass the free trade bill. But that is not the same as saying that the free trade act was a political success in the last election. Just in passing, let us remember that more people voted for parties that were opposed to the deal than for parties that supported the deal.

Let's listen for the Murray harmony elsewhere— let's go to Newfoundland.

Senator Doody: Hear, hear! A great idea.

Senator Frith: For at least a few days Premier Tom Rideout denounced the Canada-France understanding concerning the boundaries dispute over St. Pierre and Miquelon. He claimed:

> The federal government has resolved the dispute mainly on the backs of fishermen and plant workers in Newfoundland—social justice has not prevailed.

Remember, we are talking about national reconciliation, and who was it that was bragging about national reconciliation? It was the very government that the Premier of Newfoundland said was resolving the dispute "on the backs of fishermen and plant workers in Newfoundland."

What about the west? Last month we witnessed the election of a Reform Party candidate in a by-election for the Alberta riding of Beaver Creek. Frustration and resentment in the region has, if anything, only increased. Just listen to this for harmony.

Senator Nurgitz: It is Beaver River, not Beaver Creek.

Senator Frith: Thank you. All interventions of a helpful nature are welcome.

Ted Byfield, the founder of the *Alberta Report*, and a great Tory supporter, had this to say about the state of harmony and reconciliation:

> The whole prospect of Quebec's departure, far from being an unthinkable disaster, has become in many minds a rather tantalizing possibility.

So much for reconciliation.

The cover of a recent issues of *Maclean's* was headlined "The Divided Nation", and characterized the situation as a "developing crisis". Meanwhile, the government blandly announced in the Speech from the Throne that it was renewing its commitment to national unity. To come back to where we started and to quote Senator Murray, "national reconciliation has been achieved."

The score on the hypocrisy level is very high, which would lower the score—we are tempted to give that a minus; let's just give it a zero. I will mark that down because I want to keep a cumulative score here. National reconciliation scores zero.

Senator Denis: Minus!

Senator Frith: Let it be noted that some honourable senators are claiming a minus.

Senator Nurgitz: Do I need a calculator?

Senator Frith: Senator Nurgitz asks if he will need a calculator. I have received one from Senator Gigantès, but I do not think he will need one. This is only out of a possible 70 and it is on a scale of one-to-ten. I think Senator Nurgitz can use his usual calculator, his ten fingers.

Senator MacEachen: If he needs that many.

Senator Frith: In fact, I suggest Senator Nurgitz might not find he needs all ten fingers.

Senator Perrault: Just those on his left hand.

Senator Frith: Respecting the "notwithstanding" clause, Senator Murray called its inclusion an event of "unparalleled magnitude." He said:

> Perhaps one could better understand such an enormous compromise being made if it accomplished its purpose, which was to settle the political and constitutional situation in the country then existing. But it did not.

Senator Murray, of course, is echoing the words of the Prime Minister, who has recently been—and I emphasize "recently"—categorical in his condemnation of its inclusion.

● (1450)

> It was a concession that was made, that was without precedent, as I understand it in the history of constitutional negotiations.

Then even more recently, as has been pointed out, the Prime Minister decided that our Constitution isn't worth the paper it is written on.

Senator Perrault: Shame!

Senator Frith: Senator Gigantès dealt with that chapter and verse last night, and I congratulate him for the effective way in which he did so. He also pointed out a very interesting thing that was unknown to me, which is that the Prime Minister, when he negotiated Meech Lake, accepted that the "notwithstanding" clause was a necessary provision in Meech Lake, as Mr. Rémillard pointed out.

Senator MacEachen: For hours they worked on it.

Senator Frith: Yes, and they worked on it for hours. So far under this heading neither the PM nor the Speech from the Throne is doing very well on the hypocrisy factor in our trustworthy scan.

So let us go on and see if they can improve the score. Last week a way was found to help relieve the Prime Minister's acute pain of living in a country that had a Constitution that was "not worth the paper it was written on" because of the fact that it contained the "notwithstanding" clause. The Leader of the Opposition in the other place, Mr. Turner, suggested that Parliament pass a constitutional resolution prohibiting the federal government from using the "notwithstanding" clause. That could have relieved his agony and was certainly a test of his sincerity or hypocrisy.

Senator Perrault: Hear, hear!

Senator Frith: But of course he refused.

Senator LeBlanc: He flunked it!

Senator Frith: He asked that Mr. Turner's resolution join 400 private members' motions waiting on the lottery, one of them, perhaps an important point, dealing with the wearing of academic gowns when present in the House of Commons. That is how important he thought it was.

[Senator MacEachen.]

During the election campaign Mr. Mulroney also spoke about the patriation of the Constitution, saying Liberals in tuxedos partied and celebrated "the exclusion of Quebec" from the agreement.

Senator Perrault: Garbage!

Senator Frith: So are we to believe then, honourable senators, that in 1982 the present PM was against—oh, correction!, it was Beaver River and morning coats; right.

Senator Nurgitz: Get it straight!

Senator Frith: The Prime Minister was against—is that what we are to understand?—was against the Trudeau achievement in 1982 because of the exclusion of Quebec. Yes, according to Senator Murray—that is, yes, according to Senator Murray now. But in the book *One Eyed Kings* by Ron Graham we are told, at page 161:

> Brian Mulroney had supported Trudeau's action at the time.

What is the authority for that?

> "Brian tends to be pretty simplistic when it comes to strategy", said Lowell Murray, who had gone to university in Nova Scotia with him.

Senator Murray: You should hear what I say about you!

Senator Frith:

> He—

not Senator Murray but "he" the Prime Minister. Get this:

> He goes for the big splash. He supported Trudeau's constitutional position not because he had thought about it for five minutes, but because he was so thrilled by the sheer bravado of it all. That position would not have served us very well.

Senator Perrault: For goodness' sake!

Senator Frith: Now, this is a tough one to give at least satisfactory hypocrisy score on. I would say the H Factor is very high on hypocrisy, very low on sincerity. It may be minus here, but I am still going to be compassionate and make it a zero.

Senator Perrault: You lucked into a zero!

An Hon. Senator: You are just a softy!

Senator Nurgitz: So young, so young!

Senator Frith: Now let us look at No. 3, which is foreign policy. Senator Murray described Senator MacEachen's comments on foreign policy as "nothing very substantive." So let us take a look at the points that Senator MacEachen raised and that Senator Murray found not very substantive.

Point No. 1: There is no identifiable policy-making centre in the government. What is the answer to that? "Not very substantive." Perhaps not, for someone who simplistically only goes for the big splash, but for most people the absence of any identifiable policy-making centre in government is pretty substantive.

Point No. 2: The role of the Secretary of State for External Affairs has been undermined by his exclusion from major foreign policy action, such as the FTA negotiations, and he has been occupied in areas of relatively marginal importance to Canada. Any answer to that? No; just "not substantive."

Point No. 3: The rate of increase of support for national defence and official development assistance has been eroded under this government. Denied? No; just "not substantive."

Point No. 4: Canada was slow off the mark in reacting to the Iran terrorist threat. "So what," says Senator Murray; that is "not very substantive."

Point No. 5: Canada's policy towards activities in occupied territories was contradictory. The answer? A shrug. "Not important, not substantive," says Senator Murray. He's with the Prime Minister—no big splash there.

Point No. 6: The implementation of Canada's "get tough" policy with South Africa has led to booming trade between our two countries. Perhaps true, I guess, Senator Murray may say, but that is not a substantive problem.

Point No. 7: The Canada-France agreement has short-term and long-term disadvantages for Newfoundland fisheries. The minister praises the mediator for getting him to agree to condone continued overfishing by the French. No substantive problem. The minister even congratulated the French negotiators—and well deserved congratulations they were. What was happening, as I understand it, was that France was overfishing; it was over-fishing or over-over-overfishing; right? Three "overs" let's say.

Senator Thériault: Four!

Senator Frith: Four overfishings we will say. Do I hear five? Four. We will make it four. Four times overfishing—

An Hon. Senator: And a bit of poaching.

Senator Frith: —and some poaching. Then what happens? We catch them at it. It is similar to the situation of a robber burglarizing a neighbourhood four times over. He says, "What are you going to do?" We say, "We are going to take you to court." "Oh, I see," he says. "What will happen? Will that take very long?" "Oh, yes, that will take quite a long time, but we will take you to court; however, we want to make an agreement with you about it." So the robber says, "Okay, what is the agreement?" "Well, the agreement is that instead of over-over-over-overfishing, it will be all right for you to only over-over-overfish while we take you to court."

Well, what would the robber say? He would say, "Where do I sign?", wouldn't he? That is what the French said: "Where do I sign?" And they got congratulated by our government for doing so. That seems to me like a pretty substantive point that was made, although Senator Murray said that Senator MacEachen did not make substantive points.

Senator Murray talked about the PC record in peace-keeping, international development, promoting human rights and strengthening the UN—all Liberal initiatives and strengths. I do not know when this government is going to stop, on the one hand, feeding on the Liberals' legacy and, on the other hand, trying to blame it for Tory mistakes when it cannot face its own failures.

Senator Murray spoke with great pride about the election to the Security Council. Well, it is the international community that elected us to the Security Council. The election of Canada to the Security Council also occurred in the 1970s. It was then regarded as a routine event, conforming to a regular cycle of membership. However, in the context of this government's meagre achievements, we can understand its treating that as a big splash and a great international triumph.

But when going through the speech I was particularly struck by Senator Murray's quoting Prime Minister Mugabe of Zimbabwe as praising Prime Minister Mulroney at the conclusion of the Commonwealth Conference. "Thank God for Prime Minister Mulroney." The praise was for Canada's fight against apartheid. But that, as Senator Murray so accurately stated, was "some time ago"—it was in 1987, I believe. Much has happened since.

• (1500)

In February of this year, at a meeting of Commonwealth Foreign Ministers in Harare, Zimbabwe, Joe Clark was publicly raked over the coals by his Zimbabwean counterpart. Foreign Minister Nathan Shamayurira was highly critical of booming trade figures between Canada and South Africa. I quote the foreign minister, whose Prime Minister had earlier thanked God for Prime Minister Mulroney: "... there is a frustration of some other members of the Committee ... We are going to ask Mr. Clark to abide by the spirit of the Okanagan resolution." Mr. Shamayurira was referring to the 1987 Commonwealth meeting, where Mr. Mulroney endorsed a statement committing participants "to continuing efforts to secure a more concerted application of a global sanctions program". In any event, the Zimbabwean foreign minister broke off a private meeting with Clark and said: "We have taken Mr. Mulroney's statement as a firm commitment. Now we have doubts."

So these front line enemies of apartheid are not thanking God or anyone else for our Prime Minister. Well, Mr. Shamayurira, we Canadians know how you felt when you said, "We have taken Mr. Mulroney's statement as a firm commitment. Now we have doubts."

I have a few more comments that may be of some interest to the Leader of the Government in the Senate, but perhaps he can just read the transcript.

Senator Perrault: He can't stand the heat!

Senator Frith: Well, I notice that the Leader of the Government is leaving.

Senator Murray: I was just trying to slip out quietly.

Senator Frith: I must say, honourable senators, that some of us hope his government will go—quietly or noisily; we don't care how.

At any rate, the Prime Minister's dismal domestic reputation for delivering on his words is spreading around the world, and only blindly loyal supporters like the recently departed

Senator Murray could actually be proud of what he says ". . . the international community sees when it looks at Canada and at the present government."

Honourable senators, when Senator Murray says, at page 48 of *Debates of the Senate*, "that the international community does not seem confused, does not seem puzzled" about Canada's role, he may have a point—the international community might be less confused and less puzzled now that it has learned, as have Canadians, to apply the rules of "double speak" to anything this government says.

Senator Nurgitz: That was nine out of ten!

Senator Frith: On hypocrisy, yes, which would make the total minus nine, but, until we come to the final draft, another zero.

Let me add one thing that I think is important. I wanted to make a point—

Senator Doody: When?

Senator Frith: Personally, I was somewhat hurt over an expression Senator Murray used about my colleague, Senator MacEachen. He characterized Senator MacEachen's period at the Department of External Affairs as "eminently forgettable". Obviously, he has not forgotten it. And, honourable senators, that is certainly not the recollection of those on this side of the chamber.

Some Hon. Senators: Hear, hear!

Senator Frith: Nor is it the recollection, I suspect, of some on that side of the chamber, nor of Canadians, nor of leading international figures. Let me choose one—

Senator MacEachen: Oh, come on!

Senator Frith: No, I insist.

Henry Kissinger has somewhat more experience in the international arena than has Senator Murray, and his reminiscences are somewhat different. In 1979, only a few years after Senator MacEachen had completed his first tour of duty, one which Senator Murray called "eminently forgettable", this is what Henry Kissinger wrote:

> Canada's somewhat aloof position combined with the high quality of its leadership gave it an influence out of proportion to its military contribution, however. It conducted a global foreign policy; it participated in international peacekeeping efforts; it made a constructive contribution to the dialogue between developed and developing nations. At the same time Canada had its own special relationship with the United States . . . Canadian leaders had a narrow margin for manoeuver that they utilized with extraordinary skill.

Some Hon. Senators: Hear, hear!

Senator Frith: That, compared to what Senator Murray has said, does tempt me to give a minus grade on this heading, but I shall for the moment leave it at zero.

Hon. David Walker: Would the honourable senator go on for just a little while longer? I have made a bet that he is going to empty the gallery—there are only two spectators left.

[Senator Frith.]

Senator Frith: Senator Walker will look after the emptying of the rest of the gallery, I am sure, if he rises again.

[*Translation*]

As for expenditures, to defend the government's record on defence expenditures, Senator Murray starts by saying that Senator MacEachen "took some liberties" with the statistics. Is Senator Murray not taking some liberties with the statistics?

Senator Murray began his speech with figures, by saying

> The real growth of our defence budget was negative for a certain period prior to 1980.

The Library of Parliament did a study of defence expenditures from 1977 to 1989 and observed that there was negative real growth only twice in that period: once in 1988-89, under the Mulroney government, with an estimated negative growth of 0.3 per cent and on another occasion, under the Clark government in 1979-80, when the growth was -4.3 per cent.

Senator Murray then claims that for the period 1983-88, the real growth rate was 4.3 per cent. Correct me if I am wrong, but if my memory serves me, 1983 and 1984 were Liberal budget years, such productive ones, obviously, that Senator Murray tries to take credit for them.

If these two Liberal budget years are taken out, the average real growth rate mentioned by Senator Murray would be 3.7 per cent, not 4.3 per cent. If we add in the negative real growth of 0.3 per cent expected for 1988-89, we obtain an average annual real growth rate of only 2.7 per cent. It is not surprising that Senator Murray tries to get away with using Liberal defence expenditures in his speech; without them, he would have no case.

Senator Murray then compares the figures for 1983-88 with those for 1978-82, when the real growth rate was only 2.4 per cent. Well, according to figures provided by the Library of Parliament, if one takes out the brief term of Joe Clark, 1979-80, during which as I said the average real growth rate was -4.3 per cent, the average for the five Liberal fiscal years rises to 5.8 per cent.

Finally, Senator Murray boasts that a large part of the defence budget was used for the purchase of new equipment and that in the last three years, 20 per cent of the department's budget was used for that purpose, compared to 10 per cent in 1978.

The figures provided by the Library of Parliament show a somewhat different situation.

The real growth rate for expenditures on machinery and equipment in four fiscal years, 1981-82 to 1984-85, all years of Liberal budgets, was 10.3, 23.6, 28.0 and 27.8 per cent respectively.

What happened when the Conservatives took power? During their first full budget year, 1985-86, the rate of real growth on machinery and equipment was -15.3 per cent. For 1986-87, it was 7.7 per cent, for 1987-88, 8.9 per cent and for 1988-89, it is expected to be -9 per cent.

To summarize, the average annual real increase for machinery and equipment in the last four years with Liberal budgets was 22.4 per cent, compared to -1.9 per cent during the four years of Conservative budgets.

In 1984 and 1985, machinery and equipment accounted for 26.7 per cent of the defence budget. Today the figure is 21.9 per cent. That is the Conservatives' record.

Once again, the score, regrettably, is zero.

[*English*]

● (1510)

Now we go to unemployment insurance. We have three more to go Senator Walker. You are obviously braver than your leader.

Often what is not contained in a speech is as revealing as what is. In the other place, for example, Mr. Broadbent, Leader of the New Democratic Party, in his address in reply to the throne speech said not a word—not a single word—about the Constitution or the issue of minority language groups. When the question is asked about who speaks for all Canadians, you will not find it on the short list of the New Democrats.

However, in this place, in Senator Murray's speech, there were also some very interesting omissions. In his remarks Senator MacEachen expressed his fears about the statement of intent in the throne speech to make changes to the unemployment insurance program. Senator MacEachen said that when the government claimed it would implement changes with a view to "fairness," many people hear something else. Senator Murray, in his speech, did not protest. He said nothing about the relationship between "fairness" and Tory changes to the unemployment insurance program. Well, I guess we now know why.

The Tory definition of "fairness" is to fund job training by snatching almost $1 billion from the unemployed, not from their corporate masters but from those who have lost their jobs and are walking the streets trying to find work. This, for Tories, is fairness. Single out for special treatment, for special punishment, those who do not have jobs.

Senator MacEachen characterized the Conservative philosophy, the government's motto on social justice, as "strength and joy through adversity" and labelled it as "social Darwinism at its best"—that is, no help for the helpless, only help for the survival of those who are already the fittest. In retrospect, it is not surprising that Senator Murray did not put up an argument. The changes announced to the UI program—taking money away from those who have no jobs in order to achieve fairness—is social Darwinism at its best, and is a move that will cause even more Canadians to hear a dull clunk rather than the ring of fairness when the Tory bell is rung. Ask not, ye jobless—fishermen and other workers, for whom the government bell tolls. It tolls for the well off. It tolls not for you and your families.

I am going to have to put down a quick zero on that one, I am afraid.

Let us move on to housing. Another interesting omission from the throne speech and from Senator Murray's speech is any mention of housing policy. With the cost of shelter in some of our cities already beyond the reach of the majority of Canadians, and home prices still escalating, the government's lack of a housing policy is certainly noteworthy.

Perhaps I am, however, being a little hasty, because during the election campaign the government did inadvertently provide a glimpse of how it feels about Canadians who, being homeless, have no shelter whatsoever—the estimated 100,000 Canadians who live on the streets. John McDermid, the then federal housing minister, said:

> The homeless have shelter in Canada. They can always get off the street and find a warm place to sleep and be taken care of on a temporary basis.

He went on to say that the government was going to continue with what it has been doing and that Canadians should not expect anything more. So here we have it: less for the jobless and nothing for the homeless. That is Tory social justice.

McDermid also said during the election that "the government is also going to try to keep interest rates low, which in turn will help people carry mortgages." That was on October 7, 1988, less than a year ago. We all know what has happened to interest rates since then.

Do I hear any calls for pluses? Any minuses?

Senator McElman: Give it a one.

Senator Frith: I think zero is a good compromise.

Finally, I come to child care.

Senator MacEachen: It is not on the order paper yet, is it?

Senator Frith: We will see. Senator Murray claimed that "the commitment of this government to a national child care program . . . is firm" and that it "was reiterated . . . in the Speech from the Throne."

Well, we have already examined the government's new and, hitherto, unknown definition of "fairness". Let us now examine its definition of "firm commitment" and measure it on our trustworthy scan. Could it mean the same, for example, as it meant to the Zimbabwean foreign minister?

The Prime Minister in this case, we are told, is very concerned about the plight of working women in Canada.

Senator Perrault: Yes, I'll bet!

Senator Frith: Well, in fairness, Senator Perrault, he has said that child care is an "urgent problem" and that "we don't want Canadian women to go to work worried deeply about their children . . .". He has also said that working women "need those spaces tomorrow" and that working women are "suffering substantially." The tomorrow he was speaking of was seven months ago. Nevertheless, Senator Murray tells us that the government's commitment is firm. If it is firm and if the PM believes it is an urgent problem, where is the legislation? Well, it must be on the order paper. So let's look at the order paper to see what working women will get tomorrow,

because he said that working women need those spaces tomorrow.

To get those spaces tomorrow, even in a metaphorical sense of "tomorrow," we should have it on the Order Paper today. So is there an item dealing with child care? Let us have a look. Is it No. 1? No, that deals with the Transportation Accident Investigation Board. Is it No. 2, then? No, that deals with the Department of Industry, Science and Technology. Is it No. 3? No. Is it Bill C-4? No, that deals with energy supplies. Well, then, No. 5? No, that deals with the Railway Act. Perhaps No. 6.

● (1520)

Senator Walker: No.

Senator Frith: It is not No. 6, but I will tell you what No. 6 is. No. 6 is an act to amend the Radio Act. It does not deal with child care.

Senator Perrault: More important than children?

Senator Frith: Some big change has taken place since the throne speech. Apparently working women are now worried sick about the still unamended Radio Act. Paraphrasing it, does the Prime Minister think that working women need the Radio Act tomorrow and that they are suffering substantially without it? The government's commitment this week is firmly behind the Radio Act. Working mothers and their children will have to wait for we know not how long for their promised tomorrow. Maybe they can listen to their radios.

In fairness, the government's commitment to child care now has not been totally squandered on the Radio Act. No.

The next one on the Order Paper, which we thought by now would surely be child care because of this firm commitment and all this urgency, is Bill C-7, an act to amend the Criminal Code.

Senator Perrault: Aha!

Senator Frith: Do you know what amendment the government wishes to make to the Criminal Code? Do you know what amendment working women need even more than child care spaces and what amendment takes priority over the "firm commitment" promised by Senator Murray? I will tell you: "pari-mutuel betting."

Some Hon. Senators: Hear, hear!

Senator Perrault: Gambling!

Senator Frith: Again to paraphrase the Prime Minister, working women need pari-mutuel betting tomorrow.

Senator Perrault: They will lose their UIC benefits.

Senator Frith: Because they are "suffering substantially" without it. This is how the government honours its commitments and how the Priority and Planning Committee, with Senator Murray, I suppose, in attendance—

Senator Perrault: That is a Tory income supplement!

Senator Frith: —wants to talk about plannings and priorities. We see what the priorities are as compared to child care.

[Senator Frith.]

Senator Perrault: Right. Playing the ponies!

Senator Frith: Bill C-7, pari-mutuel betting, is ahead of child care, which has not even left the paddock for the track.

Senator Perrault: That is shocking!

Senator Frith: That is the firm commitment.

What did Senator Murray give priority to when faced with a choice between working women who are "suffering substantially" and promoters of off-track betting centres? He chose to assist those promoters. Senator Murray's commitment to child care may be firm in his terms, but his commitment to off-track betting apparently is firmer.

Senator Perrault: It is firmer!

Senator Frith: Next time Senator Murray or any of his colleagues, and the Prime Minister especially, talk of "firm commitments," I suggest that one have handy many grains of salt and be sure to count your change.

Child care, I am afraid, gets a zero.

Senator MacEachen: A minus!

Senator Frith: A minus, well—

Senator Nurgitz: An eight!

Senator Frith: Even if we ratchet it up to zero, at the end we still find that, on the test of sincerity or hypocrisy, the score on national reconciliation is zero; on the "notwithstanding" clause, zero.

An Hon. Senator: Zero!

Senator Frith: And these are generous scores! Foreign policy, zero.

Some Hon. Senators: Zero!

Senator Frith: I would never get to judge at one of these olympic contests, because they would all say that I was much too generous.

Senator Nurgitz: No.

Senator Frith: Defence, zero.

Some Hon. Senators: Zero!

Senator Frith: Unemployment insurance, zero.

Some Hon. Senators: Zero!

Senator Frith: Housing, zero.

Some Hon. Senators: Zero!

Senator Frith: Child care, zero.

Some Hon. Senators: Zero!

Senator Frith: In a final magnanimous act—

Senator Nurgitz: What does that add up to?

Senator Frith: I will give one point, and I will give that point—

Senator Perrault: The big "0".

Senator Denis: Not too generous!

Senator Frith: —not for the Speech from the Throne, or the Prime Minister's speech or Senator Murray's speech, but for how honest Senator Murray was some years ago when he described the Prime Minister's approach as simplistic and going for the big splash.

So, honourable senators, to get to the score that we talked about at the beginning, out of a possible score of 70 I give them one.

Some Hon. Senators: Hear, hear!

[*Translation*]

Hon. Jean-Marie Poitras: Honourable senators, today it is my privilege to speak for the very first time in the Senate, to which I was appointed by the Right Honourable Prime Minister of Canada, on the recommendation of the Premier of Quebec. I would like to start my speech by expressing my gratitude and my appreciation of the honour they have bestowed on me. I accepted their invitation with humility, aware that so many Quebecers are prepared to serve their country and their province. I can assure them both that I am ready and willing to contribute with them to the progress of our country and our province.

Mr. Speaker, I would also like to congratulate you on being confirmed as Speaker of the Senate. I am sure that thanks to your experience the debate in this chamber will be in good hands.

Finally, I want to assure the Leader of the Government in the Senate and you, honourable senators, of my full cooperation, so that together we can serve our fellow citizens well.

Honourable senators, the Throne Speech, which opened our parliamentary session, clearly defines the imperatives in terms of which the government is to structure its proposed legislation and draft its budget. Canadians were not disappointed. The clarity of the government's analysis is proof that the government fully intends to make the decisions that are necessary and to act responsibly. Honourable senators, I shall, if I may, dwell more specifically on certain aspects of this speech, stressing first of all the importance of strengthening the unity of Canadians, the source of our country's energy, and of following through on the desire of Canadians to protect their environment and coordinating their efforts to generate the economic growth that forms the basis for their prosperity.

As you know, I belong to that group of senators whose appointment reflected one of the possible impacts of the Meech Lake Accord. I realize that a Special Joint Committee of the House of Commons and the Senate has already spent many hours discussing this accord which, in the eyes of many, is perhaps less than perfect. However, I also realize that to all the provinces, and especially to Quebec, it symbolizes the full recognition of their ability to govern, not only in terms of the interests of their own constituencies but also in terms of their ability to work together towards our national goals.

[*English*]

The people of Quebec are right to want the recognition that they form a distinct society within Canada written into the Constitution. By signing the accord, eight provinces did indeed acknowledge Quebec's uniqueness, and I see that as an important step toward our greater Canadian solidarity.

Recognizing that the people of Quebec have good reason to be proud of what they are, good reason to protect and promote their language; recognizing that it is legitimate for them to be able to count on that pride as a source of the energy they need to excel—that is a gesture of friendship and respect. As such, it speaks more loudly than certain logical arguments and more loudly, too, than certain counsels of despair.

● (1530)

It is not enough to be a member of the same family, or to have all sorts of sensible reasons for being partners. On top of that, those who must share must also feel happy about it. To be accepted as we are, with all our qualities and faults, to be understood rather than judged, to feel supported rather than dominated—that is friendship, and who would willingly part with a friend? Canadians, and that includes Quebecers, share to a great extent the same set of values. Each of us wants to live in a society that respects the differences between us and our neighbours. That is one of the invaluable assets on which our solidarity and our desire to meet the challenges that confront us must be founded.

The time for settling accounts is over. Now is a time for balance and harmony, and it is up to each of us to help achieve them. We all have a part to play in learning more about our neighbours, in getting closer to them, in making sure that they can share in our hopes for the future.

[*Translation*]

And speaking of this future that we can share, I would like to say a few words about all the threats to the quality of our environment. Canadians are concerned. The worry about their health, their families, about the impact on our environment of these toxic wastes we have become unable to control.

Tragic events remind us daily of the urgent need to act now, not only to repair the damage to the environment but also to stop the release of so many toxic wastes in our environment by developing the appropriate technologies.

The government has decided to steer this country towards sustainable economic development, which will increasingly reflect the close relationship between State, environment and the strength of the global economy. It intends to set up a new environmental agenda that will include a commitment to limit the environmental impact of toxic chemicals, improve the quality of our water, protect our arctic regions and improve the quality of the atmosphere.

The clean-up of the Great Lakes, the St. Lawrence River and dangerous landsites, encouraging sound scientific research, and the establishment of the Environmental Partners Fund to encourage recycling and promote the development of environmentally sound products are examples of the kind of concrete action that will help restore our confidence in our ability to meet this great environmental challenge.

However, this agenda alone, extensive though it may be, cannot solve all our problems. The desire to protect the environment is not something to be left up to the government.

It is a frame of mind, a way of life based on a sense of awareness and responsibility on the part of every individual Canadian, every business, every province and going even further, of every person on this planet.

The Canadian government has reaffirmed its political will to act, not in the perspective of an election campaign but taking the longer view, which takes a certain amount of courage, especially since there is very little room to manoeuvre. In this respect, our Prime Minister is an inspiration to the world.

In fact, in early May, the international environmental office of the World Business Organization intends to award the Prime Minister, and I quote: "An award for outstanding contribution to the global environment". I believe that with him, all Canadians are honoured by this award. To be a Canadian today means to be environmentally aware.

All the more reason for us to try to strengthen the thrust of Canada's economy by making our development activities more consistent with environmental considerations.

[*English*]

The state of our public finances can hardly be described as dazzling. Over the past few years the present government, which inherited a catastrophic mess, has worked doggedly to put a brake on public expenditure and to reduce the deficit while the Canadian economy regains its health and strength.

The monthly job-creation rate in Canada for the past four years has been roughly four times that of the previous four years. The unemployment rate has plunged by 4.1 per cent since September 1984.

Canada's job-creation performance has been one of the best among the member countries of the OECD. Our inflation rate has dropped to fluctuate around 4 per cent, and after-tax disposable personal income has increased by $1,100 per capita in real terms since September 1984. Again from that date the Canadian economy has grown by 19 per cent in real terms. The number of Canadians living below the poverty line has been reduced by more than 549,000 people.

[*Translation*]

Honourable senators, these statistics show that our businesses and our workers have placed their trust in the Canadian government, thanks to the climate it has been able to create. Now more than ever before, they realize that meeting the challenge of an open economy means they will be able to compete in an increasingly competitive market.

We can talk at length about the government's budgetary, fiscal and monetary policy, about the fact that the government could have introduced more restrictive measures and how fast it should have done so, but I think it had to take the time to explain and convince Canadians to accept the implications and the reasons for more drastic measures that will be necessary if we are to regain a certain degree of equilibrium that will give us a chance to consolidate our plans for future progress.

Today, interest charges represent one-third of the government's revenue and absorb one-quarter of its expenditures. The extent of the debt is such that it leads to a loss of confidence among investors which in turn has an impact on interest rates, on investment and also on the dollar.

Unless there is a major change in policy, servicing the debt will compromise the continued existence of our social programs and the standard of living of future generations. It is therefore imperative that the government's financial requirements be reduced by at least $10 billion by 1992-93, down to 1.2 per cent of our Gross Domestic Product.

The resulting sacrifices are not popular, but if the government were to shirk its responsibilities, then Canadians would have every reason to blame the government for failing to act.

The resulting sacrifices are not popular, but it the government were to shirk its responsibilities, then Canadians would have every reason to blame the government for failing to act.

The wealth of Canadians originates from the profits of business and the salaries of workers. However, some people would prefer to see us lose our production capacity by adopting a more protectionist economic policy. That is a dead-end street, and most Canadians are aware of this.

We are an exporting country and have made a name for ourselves on international markets, in many areas. The Free Trade Agreement strengthens our partnership with the United States, which is already our main customer. All industrialized countries envy this situation, since the upsurge in technological developments has stimulated international trade, encouraged the formation of groups and required countries to refine their development targets by adjusting their policies on research and foreign investment as well as their policies on trade and promoting investment abroad.

I am especially pleased that in the Speech from the Throne, the government decided to go ahead with new regulations for financial institutions that are in line with the trend towards decompartmentalization. I may say, in passing, that the Minister of Finance now has a new Minister of State who is exceptionally talented. I am sure that the Honourable Member for Langelier will perform his new duties with the requisite tact and competence.

• (1540)

[*English*]

The monitoring of Canada's financial institutions is a responsibility the federal government shares with the provinces. Already a number of provinces have launched into deregulation of financial institutions. While each province must, of course, allow for its own situation, they all share a desire to make their practices consistent in order to avoid pointless subdividing. The challenge facing the federal government is to formulate both a national philosophy and a national strategy that will respect the dynamic of provincial action.

Both levels of government and the financial institutions themselves are aware of their respective responsibilities for the safety of Canadians' savings and for the discipline and greater acumen that must go hand in hand with deregulation. They are also aware that their profit margins will depend, more and more, on their ability to widen their scope and to improve the quality of their integration into a variety of economic sectors.

[*Translation*]

In this vital area that affects the movement and availability of capital, the Government of Canada, with its partners in the public and private sectors, must strike a balance between flexibility and rigidity that will make the Canadian financial system really competitive nationally and internationally.

Honourable senators, the government has made foresight, courage and respect for its partners the watchwords of this session. Such an attitude will require it not only to summon all the energy of which it is capable but also to look for new energy from the increased solidarity of the provinces and Canadians.

We know that the strengthening of Canada from within by the values of work, tolerance, justice and love for our country cannot help but lead us to a greater quality of life and an international influence which will inspire those who yearn for justice, freedom and peace.

[*English*]

Hon. Dan Hays: Honourable senators, first, I should like to join with those who have preceded me in congratulating His Honour the Speaker on his renewed mandate in that office. I wish you well, sir, and continued success in carrying out your duties as Speaker.

I also wish to congratulate those who have spoken, in particular those new senators who have spoken for the first time in this chamber, in response to the Speech from the Throne.

In my case, I should like to take this opportunity to talk about two matters. One topic is mentioned in the Speech from the Throne; one is not. My excuse for talking about the matter that is not referred to is that governments and legislators are responsible not only for what they do but for what they do not do.

● (1550)

The matter mentioned in the speech is parliamentary reform. It has been much discussed by other speakers in response to the Speech from the Throne. The second topic is one about which I have spoken to honourable senators on numerous occasions before, and that is energy policy, or, more precisely, the lack of energy policy in Canada at that time.

The matter of parliamentary reform is of great interest to me because I am a representative from the province of Alberta and in Alberta Senate reform is an important issue and one that is much on people's minds—more there, I think, than in any other part of Canada, although reform is not exclusively an Alberta issue.

The point at which I would like to take up this discussion now occurred last fall, when Senator Murray, in his capacity as Minister of State for Federal-Provincial Relations, advised this chamber that there were going to be ongoing discussions to try to reach a working understanding among the governments in Canada on what kind of next step should be taken with respect to a changed Parliament or reformed Senate. He indicated that the then Attorney General of Alberta, Jim Horsman, would be responsible for carrying that initiative forward, and Mr. Horsman, as we know, has been doing that. In fact, I can report to this chamber that he has gone to the trouble of meeting with senators from Alberta to discuss this topic with them. However, as to just what is being discussed, we are not clear. We do not know.

I can enlighten senators a little by quoting from a speech given by the Honourable Jim Horsman to the Americas Society in New York on April 5. Mr. Horsman is now Minister of Federal and Intergovernmental Affairs and Deputy Premier in the new Alberta government, but, as I have said, he was the provincial Attorney General at the time this initiative was first taken. In that speech he made this statement:

> To this point, it appears that there is a general agreement among provincial governments—and the federal government—that a reformed Senate should be elected—the first "E". There also seems to be wide support for a Senate that represents, equally, each of the ten provinces.

Later, in this same speech, he said:

> Finally, it is clear that there will be much discussion at these conferences . . .

He was referring to federal-provincial conferences and the ongoing conferences that I understand first ministers or their representatives are having now on the issue of what shape Senate reform discussions should take. He was saying that there would be much discussion on what the effective powers of the Senate should be. He said:

> Various views on the powers of the Senate and how they will impact on Canadian parliamentary tradition have been discussed, and I am certain that several ideas on this topic will be advanced as we head to the constitutional table.
>
> At present, five provinces—the four western provinces and New Brunswick—support the "Triple E" model in principle.

He discussed other matters which I will not go into here because they are not helpful to the point I want to make, which is that these ongoing discussions are among the provinces and the federal government and do not yet involve the territories.

The question that comes to my mind is: What is the substance of those discussions? I am concerned that those discussions may be ongoing in the same way as the discussions that led to the Meech Lake Accord went on—that is, behind closed doors and without any opportunity for public involvement in what is good or bad about the proposal until the matter is a *fait accompli*—until the matter is finally resolved as between ministers and is presented as a seamless web. Personally, I believe that one of the great problems with the Meech Lake Accord is that it did not involve the public. It is not ours in the way that it should be, and it is not ours, I must say, in the way that the 1982 constitutional change was ours in that it did involve a public process.

My very concern is that that public process is not going on now, but that Senate reform is mentioned in the Speech from the Throne as an objective of the government. I believe that

for it to be a successful initiative it must involve public participation. It has not yet proceeded to that point, and I am most concerned that it may not. In responding to the Speech from the Throne, I decry that, if it is the case. If it is not the case, then I believe the time is ripe for those discussions to involve the public and to let us, the members of the public, know what it is that is going to be proposed so that we can have an opportunity to advise and to comment on it. In the end, good or bad, the process will mean that what we end up with will likely be successful because it will be ours in an important way, because we, the people, will have participated in its creation and finalization.

Lastly, on that issue, I should like to share with you a concern about the process that is under way, about which much has been said in connection with the Speech from the Throne. Again, this is from the perspective of Alberta.

We have heard of the many problems that some of us feel exist with the Meech Lake Accord, but one of the greatest problems, it seems to me—and one that has not been talked about a lot and should be talked about more—is that if this constitutional change is ratified and becomes part of the Constitution, then, from an Albertan's perspective, it will, I believe, make meaningful parliamentary reform much less likely to occur. I believe the discussions now going on about parliamentary reform should be proceeding publicly in order to determine whether or not reform, together with improvements to the Meech Lake Accord, can be achieved before the deadline or, indeed, even after the deadline, because there is nothing wrong with extending the deadline. If it takes more time, then it would seem to me that that would be a very good investment for Canada.

The aim is to achieve that kind of change I know Albertans want. If Mr. Horsman is correct, and he seems to have some growing agreement on this, hard bargaining will have to occur. However, hard bargaining cannot occur from an Albertan's perspective if the expectation of Quebec is that they would agree to these changes out of altruism rather than as a part of a process involving the give and take of constitutional bargaining.

I will not comment on the government's apparent lack of any new thinking on the question of Canada's energy policy. If the Speech from the Throne is a statement of the government's current priorities for and concerns about Canada, then evidently it is unconcerned about the energy sector. Even though mention is made in the speech of virtually every other issue of the day, the word "energy" is conspicuously absent.

When the Speech from the Throne addresses what is referred to as "The Environmental Imperative", an issue which the government has recently adopted with remarkable ardour, the obvious link between energy development and the environment is not made. For those who need a reminder of this link, the disastrous Exxon tanker spill in Alaskan waters serves all too well.

[Senator Hays.]

The government has still not presented the criteria used to select the energy megaprojects that it announced support for just prior to the election.

Why did the throne speech not refer to the Energy Options process? Energy Options was a substantial investment in time, talent and taxpayers' money—some $3.6 million—and the government promised Canadians much from this nation-wide experiment in energy policy-making.

When the former Minister of Energy, Mines and Resources, Marcel Masse, introduced the Energy Options initiative in a Toronto speech on April 13, 1987, he stated that the process was intended to involve "all interested Canadians" and that it would "address the connections between energy production, conservation, technology and trade; ownership and the role of energy in the economy; and the environment." In closing his remarks that day the minister said that Energy Options was "a significant step into the future." Two years later there is no indication that the government even understands in what direction to take this "significant step."

Perhaps the government does not appreciate some of the conclusions that are drawn in the final report arising out of the Energy Options process. For example, in commenting on the U.S. proportional access to Canada's energy resources in the context of our energy security, the report states, and I quote:

• (1600)

> As the [Energy Options] advisory committee sees sit, an informed and vigilant Canadian government remains fully empowered to assure that exports to U.S. markets do not exceed long-term sustainable levels. Of course, if governments are less than vigilant or if mistakes and errors of judgment are made, U.S. buyers could end up with a higher proportion of Canadian supplies than many Canadians might find acceptable. If this happens, governments can and will be held accountable.

This brings me to the issue I want to discuss today, as far as energy is concerned, and that is the question of promoting national energy security in the Canada-U.S. free trade era. While I agree wholeheartedly with the warning that Energy Options conveys about the need for government vigilance, I do not agree that holding the federal government accountable after the fact does much good. If Canada's energy security has already been compromised, there is little satisfaction in saying, "I told you so." Our challenge now is to avoid future energy difficulties with good policy, and not to be caught responding after the fact to a new crisis.

I will use the example of natural gas to discuss energy security. Much of what I will say can also be applied to oil, especially in its uses as a transportation fuel, and to electricity and other energy goods. Today the flow of natural gas is overwhelmingly from Canada to the United States. The one-way movement of this vital energy commodity will continue for the foreseeable future. The situation that we see developing in the North American gas market presents potential risks for Canada. At the same time as an increasing number of Canadian consumers are taking advantage of deregulation to buy

natural gas directly at the cheapest possible price on short-term contracts, long-term gas export applications are flooding into the National Energy Board.

Doig's Digest of March 1989 provides a good review of this situation. At the beginning of 1988 about 15 trillion cubic feet of western Canada's established gas reserves of 72 trillion cubic feet, or about 21 per cent, had been licensed for export to the United States. Since then a further 2.6 trillion cubic feet of natural gas have been approved for export by the NEB and an additional 8.4 tcf in export applications for western Canadian gas is pending. If these applications are approved—and it is likely that they will be—then approximately 26 tcf, or about 36 per cent of western Canada's gas reserves, will have been committed to the U.S. market. Not counted here are anticipated applications to move large volumes of gas into the northeastern U.S. and California markets. These applications could involve more than 12 tcf of western gas. Nor do these figures include the first application to move frontier gas into the market. Esso Resources, Gulf Canada and Shell Canada are currently seeking export approval for 9.2 tcf of Mackenzie Delta/Beaufort Sea gas.

Within two years the share of western Canada's gas reserves committed to the export market will likely rise from one-fifth to more than one-third. We face the prospect that American buyers may soon control half of western Canada's gas reserves if this trend in export applications continues. This is a dramatic development—a development not even alluded to by the government.

To understand why we are witnessing this surge in gas export applications, I believe it is necessary to examine in some detail how the U.S. energy situation is evolving—or perhaps I should say deteriorating.

Democratic Congressman Richard Gephardt, writing in January 1989 issue of the *Energy Journal,* made the following observations about the U.S. oil position:

> U.S. energy policy in recent years has drifted aimlessly—much as it did before 1973. As [former Yankee ballplayer] Yogi Berra put it, "It's deja vu—all over again".

Let us check the record. U.S. oil production is down by 8 per cent since 1985. Their oil consumption is up by 8 per cent. Consequently, U.S. oil imports are up by nearly 43 per cent in just three years. Gross imports are now about seven million barrels per day and constitute more than 41 per cent of total U.S. consumption. That is more oil—and a higher fraction of total U.S. supply—than in 1973, at the time of the crisis that first caused their major energy problems.

The U.S. National Petroleum Council has stated that the United States is likely to be importing between half and two-thirds of its oil requirements by the turn of the century, barring a concerted effort by government and the petroleum industry to modify the growing shortfall in domestic supply.

The 1986 oil price collapse decimated the U.S. petroleum exploration and production sector. From the peak year of 1982 to December of 1986 employment in the petroleum sector fell by 286,000, or by 40 per cent. More alarming is the fact that 80 per cent of this decline was accounted for by the service subsector. These are the companies that do the seismic work, well logging, well servicing, well stimulation and so on. Many petroleum service companies have been forced out of business. The loss of trained personnel and sophisticated equipment is not easily replaced.

The natural gas sector is also exhibiting disturbing trends, despite a recent evaluation by the U.S. Department of Energy that suggests that the undiscovered resources of natural gas in the United States may be modestly larger than formerly estimated.

Dr. Joseph Riva of the Congressional Research Service in Washington has analyzed the potential for U.S. gas production. His work indicates that roughly one-third more gas wells will have to be drilled over the next ten years than were completed over the last ten years just to hold domestic output at the current level of approximately 17 tcf.

The last decade included the all-time high in U.S. drilling activity, following the 1979-80 surge in world oil prices. In 1981 gas well completions accounted for 17 million feet of drilling. In 1986, with the collapse in oil prices, gas well completions accounted for only 4.7 million feet, a decline of 72 per cent in footage drilled. As I previously noted, the U.S. petroleum exploration industry has suffered long-term damage.

From the 1973 peak year in U.S. marketed gas production to the 1986 low the average annual rate of gas output per well fell by almost two-thirds. Looked at in another way, 250,000 gas wells produced 26 per cent less natural gas in 1986 than 124,000 gas wells did in 1973. This tells us that U.S. gas drilling must proceed at an accelerated rate over the coming decade if production is to be held at today's level. In fact, the U.S. Energy Information Administration reported, in its "Annual Energy Review, 1986", that depressed prices for oil and gas had pushed exploratory drilling down in 1986 to its lowest level since 1949. The drilling industry continues at a reduced level of activity today.

In the remainder of this century the two principal alternative energy sources to oil and gas in the United States are nuclear power and coal.

As of the year end 1987 there were 109 nuclear power reactors licensed to operate in the U.S., with a generating capacity of about 100,000 megawatts. A further 14 were under construction and two were on order. Even if all 16 of these reactors are completed, which is questionable, given the current opposition to nuclear development in the U.S., the maximum nuclear generating capacity in place would be about 120,000 megawatts by the year 2000. That value does not include any allowance for power reactors that may have reached the end of their service life prior to that time. No new reactors are being ordered. The last surviving order for a nuclear power reactor was placed in 1973.

Although U.S. coal reserves are very large, and this energy commodity is typically cheaper today per unit of energy than

either oil or gas, coal also faces an uncertain future. Coal's outstanding success as an energy source has been as a boiler fuel for electric utilities. More than 80 per cent of the coal consumed in the U.S. today is for that purpose. There is, however, mounting resistance to the construction of new, large, coal-fired generating stations because of the environmental problems associated with coal mining and combustion.

These difficulties with respect to oil, nuclear power and coal all serve to improve the competitive position of natural gas in the U.S. energy market.

Another factor skewing interest toward natural gas is the U.S. Public Utility Regulatory Policies Act of 1978. PURPA, as it is known, promotes the development of non-utility-owned generating capacity by freeing private power producers from traditional electric utility regulation. The benefits of PURPA are only available, however, to a few electricity supply options. In particular, PURPA has fostered orders for gas-fired cogenerating units, units that supply both electricity and useful heat.

● (1610)

PURPA's effects are being felt in Canada. In August of 1988 the NEB granted a 20-year licence to Canadian Hunter Exploration for the export of a total of 0.12 tcf of gas over the period 1990 to 2010 to Gas Alternative Systems of New York. This gas will fuel a new 80-megawatt cogenerating station to be built in Syracuse, New York.

This short review of the U.S. energy situation does not do justice to its complexities. I have simply documented the more obvious signs of the U.S. inability to establish long-term energy policy. I attribute this to the strong consumer influence in their energy system. Unless we are vigilant, Canada will be drawn by the FTA into helping the Americans solve their domestic energy problems at the expense of our own energy security.

The growing American interest in securing Canadian supplies of natural gas as a longer-term contributor to their energy supply is reflected in the expanding export sale of western Canadian gas. In the November 1986 to October 1987 gas year, Canada sold 0.92 tcf of gas to the United States. In the following 1987-88 gas year, shipments rose to approximately 1.25 tcf, an increase of 36 per cent and a record level of export. Milder weather this last winter and pipeline constraints are expected to hold the 1988-89 volume to roughly the same level.

Theoretically, Canada's current gas export capacity is 1.75 tcf per year. The effective capacity is somewhat less, however, because of seasonal demand variations, weather conditions in a particular year, market conditions and system reliability. Canada's actual export capacity is not much more than 1.4 tcf per year.

As U.S. shipments approach this limit, pipeline companies are planning to increase their export capacity. The new energy minister, Jake Epp, noted in a Calgary speech on April 5 that current industry plans call for an increase of about 1 tcf per year in effective export capacity. How much further is the export demand for natural gas likely to rise?

[Senator Hays.]

The most recent NEB Omnibus Energy Report, released last September, contains projections of natural gas exports to the United States made to the year 2005. Under either a low or high oil-price scenario, the NEB projects oil exports as rising to 1.5 tcf annually by 1992 and remaining at that level until 2005. In the board's view, gas demand in the U.S. will show only modest growth, with domestic reserves capable of handling most of that growth. In its analysis of U.S. gas supply and demand, the board has relied particularly upon the work of the Gas Research Institute in Chicago, which forecasts a lower level of U.S. gas imports than do a number of other studies.

I suggest that the National Energy Board may be unrealistically low in its forecast of U.S. gas imports. In its Washington visit last hear, the Senate Energy and Natural Resources Committee was given a different picture of U.S. gas needs. Forecasts shown to the committee had U.S. gas imports rising to as much as 2.5 tcf per year by the year 2000. Energy, Mines and Resources, in its "Energy Highlights: Year End Review 1988", states that its medium-term projection is for gas exports to rise to 1.6 tcf in the 1994-95 gas year in the base-case scenario. Energy, Mines and Resources forecast export range in 1994-95 is from a low of 1.35 tcf to a high of 1.85 tcf.

If Americans will be buying only 1.5 tcf of Canadian gas annually for years to come, why are we seeing the large number of long-term export applications being made to the NEB and why are we seeing the pipeline companies planning for major additions to the gas export system?

I do not believe that the board has sufficiently acknowledged the role that natural gas can potentially play as the most environmentally desirable fossil fuel. We are already witnessing the growing U.S. interest in using natural gas for generating electricity, especially at cogenerating stations. The recent Exxon oil spill can only serve to heighten public concern about the environmental impact of energy development.

For one thing, this spill will increase public opposition to petroleum exploration and development in the offshore U.S. regions. For another, the spill will stiffen resistance to opening the Arctic National Wildlife Refuge to oil and gas drilling.

California's dramatic new proposals to lessen pollution problems in the Los Angeles Basin appear certain to have a far-reaching effect on the manner in which energy is used in that region.

The National Energy Board's projections of Canadian gas supply are predicated on there being major additions to our reserves base. That in turn is a function of exploration effort, an effort that is not going very well these days. Even large additions to reserves, which the board projects will sustain Canada's productive capacity in the vicinity of today's level, do not allow for export volumes much greater than the 1.5 tcf per year forecast through 2005.

It appears there is little margin for error in the board's projections. If the NEB has significantly underestimated future export demand, then we face the prospect that Canadian gas deliverability cannot meet both domestic and export demand in the 1990s. Canada would have little choice but to invoke proportionality and restrict domestic gas consumption.

To this possibility should be added the consequences of future disruption in world oil supply. A growing number of U.S. industrial and electric utility users have dual-fuelling capability. A disruption in international oil supply, given the increasing reliance of the United States on foreign oil, would be expected to cause an extraordinary rise in natural gas demand.

Under the Canadian legislation implementing the Free Trade Agreement, the National Energy Board lost its authority to turn down or otherwise restrict an energy export licence if the reasons for imposing such restriction were to cause article 904 of the FTA to be invoked. Formerly, if the board were to reject an export application, the Governor in Council could not act to approve it. Now the board can only recommend to the Governor in Council that it reject an export application if article 904 is involved.

What does article 904 say?

Article 904 states that either Canada or the United States may impose restrictions on energy exports under four provisions of the GATT provided that the three further requirements of article 904 are met. These three provisions are as follows:

> a) The restriction does not reduce the proportion of the total export shipments of a specific energy good made available to the other Party relative to the total supply of that good . . . prevailing in the most recent 36-month period for which data are available prior to the imposition of the measure, or in such other representative period on which the Parties may agree;
>
> b) The Party does not impose a higher price for exports of an energy good to the other Party than the price charged for such energy good when consumed domestically, by means of any measures such as licences, fees, taxation and minimum price requirements . . . ; and
>
> c) The restriction does not require the disruption of normal channels of supply to the other Party or normal proportions among specific energy goods supplied to the other Party such as, for example, between crude oil and refined products among different categories of crude oil and refined products.

Thus the Free Trade Agreement more severely limits the circumstances in which a domestic supply shortfall can be used to impose export restrictions. It also narrows the "national security" exception allowed in article XXI of the GATT.

What mechanism would be used to introduce proportionality? The FTA has nothing to offer on this point nor does it discuss how proportional sharing would be monitored. According to the Department of Energy, Mines and Resources 1988 assessment of the FTA's effects on the energy sector, "Proportionality restrictions could be imposed by declining to authorize new export licences, limiting the extension of existing licences, or reducing the quantities authorized under existing licences."

Apparently the NEB and EMR are now jointly studying how Canada would monitor proportionality.

What options does Canada have to promote domestic energy security now that the Free Trade Agreement is in place? I will continue to use natural gas as the primary example in my remarks.

One initiative is that recommended by the Senate Energy and Natural Resources Committee in its September 1988 report, "Natural Gas Deregulation and Marketing". The committee proposed that Canadian "core market" or "essential service customers" entering into direct sales be required to sign long-term supply contracts of at least ten years in length. Consumers wishing to keep their fuel options open could remain customers of the local distribution company, which would also secure its supplies through long-term arrangements. The committee further recommended that interprovincial core market transactions be monitored and overseen by the National Energy Board.

● (1620)

I have already spoken in this chamber about the need for Canada to institute such a policy to protect the gas supply of domestic users. It is one of the few avenues open to Canada to improve security of supply without invoking the proportionality provisions of the Free Trade Agreement. It has the virtue of reducing the risk of overcommitting our gas reserves to the export market.

Canada's sovereignty is at issue here. If we get into difficulty by allowing U.S. consumers to contract for too much of our gas, then we may have to approach the Americans to negotiate an exception to the FTA. The Americans would certainly demand a trade-off and a high price for such a concession.

Secondly, I would like to see stipulation on the sale of frontier oil and gas to the United States. For instance, it might be possible to allow 100 per cent of Hibernia's oil or Mackenzie Delta/Beaufort gas to be exported under normal circumstances, provided that Canada had an option of holding back a specified quantity of the oil or gas production in a shortfall situation. In these cases Canada could negotiate any necessary exemption from the Free Trade Agreement as a condition of export.

Thirdly, Canada should put in place a process that will lead to a decision on the degree of dependence that it will permit on off-shore oil. Although Canada is currently a net exporter of oil, Atlantic Canada and Quebec import the bulk of their requirements. In recent years Canada has typically supplied about three-quarters of its domestic oil needs from indigenous output, but this degree of self-sufficiency will fall without intervention. Imposing such a limit would certainly put Canada at odds with the FTA and might also be interpreted as violating the spirit of the GATT. There is no easy answer to this question, and I believe that we need to examine very

carefully the pattern of, and trends in, petroleum product use in Canada.

I cannot understand the government's reluctance to raise the question of energy security in these circumstances. The nature of Canada-U.S. energy trade is changing quickly and we do not have the luxury of waiting to see how the game turns out. The discipline imposed by the Free Trade Agreement is too rigid and the risks too great not to address these problems now.

Hon. Senators: Hear, hear!

On motion of Senator Everett, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST AND FOURTH REPORTS ADOPTED

Leave having been given to proceed with Orders Nos. 2 and 3 together:

The Senate proceeded to consideration of the First Report of the Standing Committee on Internal Economy, Budgets and Administration (Senate Estimates 1989-90), presented in the Senate on April 6, 1989; and to consideration of the Fourth Report of the Standing Committee on Internal Economy, Budgets and Administration (Guidelines for senators' research expenditures), presented in the Senate earlier this day.

Hon. Roméo LeBlanc moved the adoption of the reports.

He said: Honourable senators, I want to make a couple of remarks, with your permission. In moving the adoption of this report that deals with the Senate Estimates for 1989-90, I should also like to move the adoption of the Fourth Report of the Standing Committee on Internal Economy, which deals with revisions to the guidelines for senators' research expenditures. Senators will recall that I tabled that report earlier this day. These two reports are somewhat complementary to one another and I think they should be dealt with at the same time.

Honourable senators, you may remember that the intersessional committee approved the use of funds from the individual discretionary research budgets to bridge the gap between the end of the fiscal year 1988-89 and the approval of new applications to the ad hoc committee dealing with research fund applications. This could have created some hardship, especially for those senators who employed as researchers people whose contracts extended into the new fiscal year.

The Fourth Report also informs the Senate that the guidelines are being reviewed by the ad hoc committee in consultation with the leadership of the Senate, and I hope that we can, in fact, receive and dispose of applications within a very short time.

Motion agreed to and reports adopted.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 19, 1989

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

Prayers.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN COMMONS GALLERY

The Hon. the Speaker: Honourable senators, the Minister of Finance will deliver his budget speech in the other place on Thursday, April 27, 1989. May I be permitted to remind honourable senators that no one but senators will be admitted to the Senate Gallery of the House of Commons on this occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible and so that some senators will not be excluded from the gallery because of places being occupied by relatives and friends of other senators.

INCOME TAX CONVENTIONS BILL

FIRST READING

Hon. C. William Doody (Deputy Leader of the Government) presented Bill S-2, to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

COMMITTEE OF SELECTION

THIRD REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, April 19, 1989

The Committee of Selection has the honour to present its

THIRD REPORT

Pursuant to Rule 66(1)(*b*), your Committee submits herewith the list of Senators nominated by it to serve on the following select committee:

SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Atkins, Balfour, Bolduc, Bosa, Cogger, Cools, Davey, Kirby, Leblanc (*Saurel*), Marsden, *MacEachen (or Frith), *Murray (or Doody), Simard and Stewart (*Antigonish-Guysborough*). (12)

**Ex officio members.*

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

SELECT COMMITTEES

AUTHORIZATION TO MEET DURING ADJOURNMENTS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*f*), moved:

That for the duration of the present Session any select committee may meet during adjournments of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday, May 2, 1989, at two o'clock in the afternoon.

He said: Honourable senators, by way of explanation I should like to say a word on the motion. Once again, it is a matter of the legislative schedule before this place. We are expecting a number of bills on the Order Paper in the House of Commons to arrive here soon, but they probably will not reach

us for at least another week. In the meantime, the budget will be brought down on Thursday next. So when we come back the following Monday (*sic*), we will be in a position to discuss matters arising from the budget and be prepared to handle any legislative matters that have come from the other place.

One bill will be presented in the Senate today, and I understand that the appropriate Senate committee will be in a position to deal with it during our recess next week so that no time will be lost in dealing with the business before us.

I thank honourable senators for their cooperation.

The Hon. the Speaker: Senator Doody, your motion says that the Senate will adjourn until Tuesday and you said "Monday" in your comments.

Senator Doody: Your Honour, that is one of my old work habits. I am one of those Monday-to-Saturday people. I should have said "Tuesday".

Senator Frith: Every morning you head for that old barn!

Senator MacEachen: He is an extinct species!

Motion agreed to.

QUESTION PERIOD

THE ECONOMY

INCREASE IN INTEREST RATES—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I read carefully the reply that I received from the Leader of the Government respecting the government's action on interest rates and related matters. From that careful reading I take it that all the government intends to do to deal with this very serious problem is to bring down an austere budget on April 27 in the hope that somehow that will relax the so-called pressure on the monetary authorities and on interest rates. Is that all the government leader intended to say and is that the whole of the action the government intends to take to deal with this very serious problem?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I can only reiterate what the Governor of the Bank of Canada has said, that with an appropriate fiscal policy monetary policy would not have to carry an undue share of the burden of fighting inflation. Therefore, the Governor of the bank has indicated in several speeches I have read that, if the government does its part in terms of fiscal policy, it will be possible, over time, to ease up on interest rates.

The honourable senator asks what the government is going to do. The government, consistent with the approach that we have taken since 1984, will follow a responsible and appropriate fiscal policy that will be outlined on Thursday, April 27, by Mr. Wilson, the Minister of Finance. Meanwhile, as I indicated yesterday, there are various policies that mitigate the impact of high interest rates on certain regions and groups. In particular, I draw my honourable friend's attention to the programs of the regional agencies that provide for what are commonly called "interest rate buy-downs" to encourage industrial expansion and diversification in the Atlantic provinces and in the western provinces.

Senator Olson: I take it then, since the deputy leader has advised us that we will not be sitting next week and senators will be back in those regions of the country that they come from, that I can report to those people that the government does not intend to do anything about this problem, except to bring in a budget that will bring on a depression and, therefore, lower the inflationary pressure.

Senator Murray: My honourable friend can report to his interlocutors, to his friends, that this government absolutely foreswears the old Social Credit policy of printing money.

Senator Olson: I can report that too, but that is not really what they are interested in. They are interested in whether or not this government is going to follow policies that will allow them to do what good, honest, entrepreneurial businessmen need to do, and that is to have access to loans at reasonable rates so they can carry on their economic activity, and, indeed, even expand their economic activity in areas where it would be warranted except for the enormous interest costs that have occurred as a result of the monetary policy in place in the last three or four months.

I just want to know if my interpretation is correct: Is what the government has done up to now, plus bringing in an austere budget, all it intends to do?

Senator Murray: Honourable senators, assisting business to invest and to expand is precisely the goal of a number of programs to be found in the Department of Regional Industrial Expansion or, as it will be called, the Department of Industry, Science and Technology. It is precisely the goal of the regional agencies, and these policies have had and are having quite remarkable success as evidenced by the increase in investment in the western provinces and in the Atlantic provinces and in the very remarkable record of job creation and the decline of unemployment in those regions.

Senator Olson: Honourable senators, the government obviously needs to have some new listening posts if it thinks there has been some remarkable progress in maintaining and expanding economic activity during the past two or three months in western Canada, particularly in Alberta where there was every other kind of justification for some economic expansion. If the Leader of the Government is receiving reports now that there has been some remarkable success because of being able to apply to some regional agency for a buy-down of interest rates, I want him to know that he is absolutely wrong. That is not the consequence of these high interest rates. The consequence of these high interest rates, or any other government action, is the fact that economic activity is cooling off dramatically in some cases because of discouraging businessmen from taking loans at these rates. Therefore, I ask the government if it intends to get a more accurate reading of what, in fact, is taking place in the real world.

• (1410)

Senator Murray: Honourable senators, I think our reading of what is happening in the regions and in the country as a whole is quite accurate. As I have indicated, it is our determination, by following the appropriate fiscal policies, to avoid the deplorable situation in which the country found itself, with stagflation and interest rates reaching 20 and 21 per cent, because of the misjudgements and mismangement of our predecessor in office.

Senator Perrault: That's ridiculous, and you know it. It's sheer garbage!

Senator Olson: We can take it, then, that that is all the government is going to do.

[*Translation*]

CANADA—UNITED STATES FREE TRADE AGREEMENT

DEFINITION OF "SUBSIDY"—POSITION OF GOVERNMENT

Hon. Philippe Deane Gigantès: Honourable senators, I have a question for the Leader of the Government in the Senate. In the House of Commons, Mr. Crosbie said:

> We all know that during the negotiations which led to the signing of the Free Trade Agreement, we could not agree with the United States . . . on a common definition of unfair subsidy.

How can one reconcile what Mr. Crosbie just said with what Prime Minister Mulroney told the *New York Times* on June 3, 1987, that Canada would not sign an agreement which did not exempt Canadian exporters from U.S. "fair trade" laws.

Did the Prime Minister not understand the connection between the definition of subsidies and countervailing duties? Or is Mr. Crosbie lying now? Was the Prime Minister lying then? What is the truth, please?

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State for Federal-Provincial Relations): Honourable senators, my friend will have to rephrase his question to make it less offensive if he wishes to obtain an answer from me.

Senator Gigantès: I would not wish to offend the sensitivity of the Leader of the Government in the Senate. Is Mr. Crosbie telling us the truth now? Is that what he understands now? Did he understand before? Did the Prime Minister understand what Mr. Crosbie tells us he understands now?

There is nothing unparliamentary about what I said. I would like you to give us an explanation because there is a contradiction between what the Prime Minister promised and what Mr. Crosbie tells us he knew all the time. I believe that you should answer.

Senator Murray: The contradictions exist only in the honourable senator's mind.

Senator Gigantès: Honourable senators, I feel that is evading—

[*English*]

It is to dodge a legitimate question.

Senator Flynn: It is not a dodge at all. I disagree.

Senator Gigantès: The question has to do with what we were told before the election and what we are being told right now. It is quite similar to what Mr. Crosbie said back in 1979: "If we told the people the truth, they would not elect us." If you do not answer, you are refusing to deal with a profound issue of public ethics.

Senator Murray: Next question!

THE ECONOMY

ATLANTIC PROVINCES—IMPACT OF REDUCTION OF FREIGHT ASSISTANCE PROGRAMS

Hon. Charles McElman: Honourable senators, I have a question for the honourable Leader of the Government in the Senate. It has to do with the concern being expressed that action might be taken to reduce the subsidies payable under the Maritime Freight Rates Act and other legislation. Let me say at the outset that I cannot imagine any government interfering very much with these traditional elements of assistance for industry in the Atlantic provinces to conduct appropriate trade with the central and western regions of Canada. However, concerns are being expressed.

If I may, I will just briefly read a couple of paragraphs from a letter that has been addressed to the Right Honourable Brian Mulroney, Prime Minister, by the Honourable John Buchanan, Premier of Nova Scotia, on behalf of himself and his colleagues, Premier McKenna and Premier Rideout, who constitute the Council of Maritime Premiers. The brief reference is this:

> Your government will recall the 1983 study commissioned by Transport Canada and carried out by James F. Hickling Management Consultants Limited which determined that, in a worst case scenario, removal of the MFRA—

That is the Maritime Freight Rates Act. For the edification of honourable senators unaware, I might say that this provides for assistance for the movement of goods out of the maritimes to central and western Canada as well as from those provinces into the maritimes.

The letter continues:

> —removal of the MFRA/ARFAA Program—

which is the more recent act, the Atlantic Region Freight Assistance Act. The letter continues:

> —would result in job losses in the region totalling 12,100 and annual income losses to the region of $330 million in the "select territory".
>
> My fellow Premiers and I believe that the elimination or reduction of the Atlantic freight assistance programs would have an even greater economic impact on our region today.

In addition to the Council of Maritime Premiers, the Atlantic Provinces Transportation Commission has been signalling all of its industrial members along the same lines.

Since the Leader of the Government in the Senate is very familiar with the background of these programs and the value of these programs, I ask him to make representations to the Prime Minister and, in particular, to the Minister of Finance to ensure that there is no interference with the continuation of these programs.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall certainly convey my honourable friend's representations and, if this matter turns out as he hopes it does, I trust he will be quick to give credit where credit is due.

Senator Frith: Precisely.

Senator McElman: I have been fair in the past and will continue to be fair in the future.

DELAYED ANSWER TO ORAL QUESTION

FINANCE

FISCAL YEARS 1988-89 AND 1989-90—PROVISION OF FUNDS

Hon. C. Willian Doody (Deputy Leader of the Government): Honourable senators, I have an answer to a question Senator Stewart asked on April 4, 1989, dealing with matters relating to finance, special warrants and borrowing by the government.

I can read this if Senator Stewart wishes, or ask that it be printed as part of today's proceedings.

Hon. John. B. Stewart: Please have it printed.

Senator Doody: Thank you.

(*The answer follows:*)

During the period January 19, 1989, to April 1, 1989, four special warrants were issued: three for 1988-89 totalling $1.5 billion and one for 1989-90 for $6.2 billion.

The special warrants issued during 1988-89 covered the items included in Supplementary Estimates (B) 1988-89, tabled in the House on December 16, 1988 but not approved as well as items that would have been included in final supplementary estimates.

The special warrant issued for 1989-90 is to provide initial funding for the new fiscal year to allow time for Parliament to consider a supply bill.

Further details will be available in a report that the President of Treasury Board will table shortly on the use and amounts of special warrants.

All special warrants issued were in full accordance with Section 30 of the Financial Administration Act as approved by Parliament.

The government has borrowed money in 1988-89 and in 1989-90 under authority of Section 47 of the Financial Administration Act. The authorized borrowings are as follows:

- March 31, 1989 —$750 million, 35 day Treasury bills
- April 5, 1989 —$1000 million, 37 day Treasury bills
- April 7, 1989 —Part* of the issue of $650 million of 3 and 6 month Treasury bills
- April 14, 1989 —Part* of $550 million of 3 and 6 month Treasury bills

* Partly authorized by the redemption of Canada Savings Bonds, which in turn had been issued under borrowing authority Acts of Parliament.

INCOME TAX CONVENTIONS BILL

SECOND READING

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill S-2, to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, this bill deals with three tax treaties under review. All three follow the general pattern of treaties previously approved by Parliament. The number of tax treaties presently in force in Canada is 46. The total number, of course, will be 49 once these three conventions, which are now under study, are ratified.

● (1420)

The main elements of these three tax treaties, honourable senators, are as follows: They provide generally that dividends may be taxed in the source country at a maximum rate of 15 per cent. However, in the case of dividends paid by an enterprise which is a resident of Luxembourg, a 5 per cent rate will apply if the Canadian company receiving the dividends holds an equity interest of at least 25 per cent in the company paying the dividends.

Reciprocally, in the case of dividends paid by a Canadian enterprise, a 10 per cent rate will apply if the company receiving the dividends is a resident of Luxembourg and holds an equity interest of at least 25 per cent in the company paying the dividends. Similarly, in the case of dividends paid by a Papua New Guinea enterprise, a 25 per cent rate will apply if the company receiving the dividend is a Canadian resident; while, in the case of dividends paid by a Canadian enterprise, a 15 per cent rate will apply if the company receiving the dividends is a resident of Papua New Guinea.

However, this treaty contains what is commonly referred to as a "most favoured nation" clause. That is the Papua New Guinea section. This clause provides that, in the event that Papua New Guinea accepts a rate lower than 25 per cent in a treaty with another country, that lower rate will apply to dividends paid to a Canadian resident. Finally, in the case of dividends paid by a Polish enterprise to a resident of Canada, a maximum rate of 15 per cent will apply.

In the case of interest paid by a resident of one country to a resident of the other country, a general rate of 15 per cent will apply—10 per cent in the case of the treaty with Papua New Guinea. There are, however, a number of exceptions.

In the case of Luxembourg, the interest paid in respect of a bond or similar obligation of the government, a political subdivision or local authority thereof is exempt in the country in which it arises. Also, all three treaties contain a provision that would allow that interest paid in respect of a loan made, guaranteed or insured, or a credit extended, guaranteed or insured by certain state entities—in Canada, the Export Development Corporation—be taxable only in the state where the recipient of such interest resides.

With respect to royalties, the conventions provide for a general rate of 10 per cent in the source country. Copyright royalties are exempt in the case of Poland and Luxembourg.

Some of the other matters also dealt with in these tax treaties include capital gains. The treaty provisions dealing with capital gains reflect the standard Canadian position enabling the source country to tax gains arising on the sale of real property, business assets and shares in real estate companies.

Under the conventions, discrimination on the basis of nationality is prohibited, thereby ensuring nationals of a country equal treatment with nationals of the other country in the same circumstances. However, this does not prevent a country from providing fiscal incentives—for example, the small business deduction—on the basis of the residence of the taxpayer.

Canada has preserved its right to tax pensions paid to residents of the countries included in this bill. However, in the case of Poland and Papua New Guinea, the maximum rate of tax applicable to pensions paid to residents of these countries is 15 per cent. It is also provided that pensions received from Poland under the social security law of Poland shall not be taxable in Canada so long as they are not subject to Polish tax. Also, pensions paid by Luxembourg for services rendered to that state are exempt from tax in Canada. Finally, war veterans' pensions are generally exempt from tax under all three treaties.

The treaties provide that, in Canada, double taxation of foreign source income of Canadian residents is alleviated by way of a foreign tax credit, in accordance with the limitations provided for in the Canadian legislation. In addition, dividends received by a company resident in Canada from the exempt surplus of its foreign affiliate resident in a treaty country are exempt from tax in Canada. Reciprocally, relief from double taxation is granted in the other treaty country in accordance with the method recognized by that country.

The agreement with Papua New Guinea, also contains a "tax-sparing" provision under this provision. The tax incentives granted by the domestic legislation of Papua New Guinea will be recognized in computing Canadian tax, and therefore Canadian residents will be allowed to deduct the amount of tax which would have been payable in the absence of the special incentive legislation in this country. On balance, the terms of the tax conventions provide some equitable solutions to the various problems of double taxation existing between Canada and these countries.

Each of these countries hopes to implement the bilateral tax treaty as soon as possible, and consequently, I commend this bill to the most favourable consideration of this chamber.

I should also like to take this opportunity of thanking honourable members opposite for their courtesy in allowing this bill to get second reading in the chamber today. I understand that there is a high official from the government of Poland who will be visiting Canada in the very near future, and it is hoped to have this bill ready for signing by him at that time.

It would be our desire to have this bill go to the Standing Senate Committee on Foreign Affairs. Any questions that senators have can be put to the appropriate departmental people, or to the minister for that matter, at that time.

Hon. John B. Stewart: Honourable senators, I wonder whether Senator Doody could tell us what time limitations would have to be met by the committee in order to accommodate the government.

Senator Doody: It is my understanding that the delegation of senior people from Poland will be in Ottawa on May 8. Of course, the bill must go to the House of Commons before it comes back here for Royal Assent, so that time frame is the one in which we find ourselves working.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, if I may, I have just a word to say on the bill presented by the Deputy Leader of the Government. It is true that in the past Parliament has been asked to deal with quite a number of tax agreements or tax conventions with other countries. If these three are approved, the deputy leader tells us, the total will stand at 49. He has also said that this particular set of agreements conforms to the standard or the formula or the pattern or the model that has been employed in the past.

I thank the deputy leader for the detail which he has given and which undoubtly will be examined further in the committee. That, then, is about the extent of my comments, because I, like the other members of the committee, will have an opportunity to hear whatever witnesses the government wishes to bring forward. May I just conclude by saying that, while we are prepared to deal with this bill as a matter of urgency, it would please us much more if the government were to bring forward the child care bill, which was dealt with so forcefully yesterday by the Deputy Leader of the Opposition, who recalled to mind the urgency that had been attached by the government to that particular bill.

Our disappointment is even greater in knowing that today in the House of Commons the bill under discussion concerns off-track betting. There is no sign whatsoever that the child care legislation is now a priority of the government. Maybe that disappointment will be eliminated soon by a disclosure from the government that the bill will come forward, carrying

with it the commitment made by the Prime Minister that $6.4 billion will be provided for the purpose of creating day care spaces in Canada.

Honourable senators, I recall that, when the Deputy Leader of the Opposition asked the Leader of the Government about the possibility of the child care legislation coming forward, he said it might depend upon a consensus in the House of Commons to deal with that bill quickly. I urge him to have his colleagues seek such a consensus, because I believe he would find members of the opposition parties in the House of Commons as eager to deal with that bill as we on this side of this chamber are.

Honourable senators, once again I thank the Deputy Leader of the Government for his explanation. We are quite prepared to deal with the bill quickly so that, presumably, a signing ceremony can take place between the high officials from Poland and Canada. I am sure the government will seize the opportunity to comment with the Polish authorities about the spectacular developments that are taking place in that country. The democratization, the establishment of an elected second house, and a general opening of that society are certainly developments that no one could have expected several years ago.

● (1430)

It is timely that Canada receive Polish authorities, which will give the country an opportunity to congratulate the authorities on what is taking place and encourage them to continue on the same path.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I cannot resist the temptation to observe that what we are seeing today with regard to child care is rather in the nature of crocodile tears being shed for an initiative—a bill—which my honourable friends opposite had ample opportunity to pass last autumn, but declined to do so.

Senator Frith: The full opportunity was the government's.

Senator Murray: That bill would now be law were it not for the fact that honourable senators opposite were more preoccupied with the government's timing of dissolution and a general election.

Those games, however, are behind us. I am glad to hear from the Leader of the Opposition in the Senate of the eagerness of his counterparts in the House of Commons to pass the bill if it is brought in by the government.

Senator Frith: That is not what he said.

Senator Murray: I do not doubt that.

Senator Frith: He said child care legislation. Let us see your legislation. I hope you are going to improve it.

Senator Murray: I understood the Leader of the Opposition to state that his counterparts in the other place would deal expeditiously with the matter if it were brought before them. The fault, however, lies not with the House of Commons. The House of Commons dealt with the bill eventually last time.

[Senator MacEachen.]

The Leader of the Opposition in the Senate has given no undertaking whatever about what he and the majority in this chamber will do when they receive child care legislation. I would be very happy to hear, and I will hasten down the hall to convey any undertaking from the Leader of the Opposition on behalf of his colleagues to the effect that child care legislation will be dealt with in the same expeditious manner that the bill now before us is being dealt with. I am all ears and I await any such firm undertaking. I shall hasten to convey it to my colleagues in the House of Commons.

Senator Frith: Honourable senators, I know how the Leader of the Government feels. It is often hard to resist temptations. I am unable to resist the temptation to complete, briefly, the record on the matter he raised in his intervention on this taxation bill. The responsibility for not passing the government's bill on child care in the last Parliament was the responsibility of the government because the government refused to wait—what? Weeks, months, days? No, hours! They refused to wait the hours. If games were being played, the games were being played by them.

The second point I would like to make is that I welcome what is apparently a new, very open initiative from this government, in that it does not want to introduce legislation until it has had an undertaking from the opposition in the Senate that it will deal with it expeditiously. I like the thought that the government would come to us and consult us on the legislation and ask whether we would give it expeditious approval before introducing it in the House of Commons. However, they might think again about whether they should initiate the legislation on its own merit, and take the responsibility for it, without first getting an undertaking from the opposition in the Senate to give it expeditious treatment.

Senator Doody: Honourable senators, being a great resister of temptation, I should like to refer briefly to Bill S-2, which is now before us, and ask that it be given second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill referred to the Standing Senate Committee on Foreign Affairs.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Everett*). (*5th day of resuming debate*).

Hon. Douglas D. Everett: Honourable senators, first, I should like to congratulate the mover, Senator Ottenheimer, and the seconder, Senator Bolduc, for their presentations, which were both moving and had a great deal of worthwhile content.

Second, although he is not here, I should like to say how pleased I was to learn of the reappointment of the Speaker to his office. He has served in that office with grace and originality, and I am sure every member of the Senate is pleased that he will continue to preside over our deliberations as he has in the past.

Hon. Senators: Hear, hear!

Senator Everett: Honourable senators, in dealing with the Speech from the Throne, I should like to deal specifically with the deficit. As honourable senators are aware, it is in the neighbourhood of $29 billion. Out of a total budget of $132 billion, some $32 billion is composed of interest on the public debt. In fact, the deficit is comparable to the interest on the public debt at this time. That total debt aggregates some $320 billion, and $160 billion has been added to it in the last four years.

To put it in the context of our economy, the deficit in 1983 was 6.2 per cent of the gross national product and in 1988 it is 3.1 per cent. The public debt, on the other hand, was 20.6 per cent of the GNP in 1983, and in 1987 is 36.2 per cent of the GNP.

We have had dire warnings of what will happen if we do not drive the deficit down. We are told that it will drive up interest rates. We are told that it will prevent us from meeting our priorities, most especially our social priorities. We are even told by some that it will grow to the point where it will eventually consume our entire budget.

When we get to that kind of hyperbole, it is probably worthwhile to look at some of the fictions about the deficit. Most of the people who talk about the deficit say that the expenditures are for excess consumption. That may be true, but one should recognize that the federal government operates on a cash basis. That means that the budget includes capital expenditures. A corporation would capitalize those expenditures and write them off over a period of years and, in many cases, would be quite willing to borrow to meet those expenditures.

● (1440)

It is said that deficits increase interest rates. I know of no direct link between deficits and interest rates. Indeed, history disproves that there is one. If one looks at the last few years, when we have had extremely high deficits, for a good portion of that period we have watched interest rates come down. Recently they have started to go back up, especially in the short-term sector, but during the period when the deficit was as endemic as it ever was, both here and in the United States, interest rates have gone down; they have not gone up.

It is true, of course, that, if a deficit creates inflation, eventually you will have high interest rates. However, no one can show me empirically that there is any relation between deficits and high interest rates.

There are then those who say that deficits crowd out so many things. For instance, they crowd out other expenditures. However, that depends entirely upon monetary policy. The fact that you have a deficit does not necessarily crowd out other expenditures so long as there is in place a reasonably expansionary monetary policy and money in the system.

It is said that a deficit crowds out private borrowers; that they cannot borrow money. Can anyone show me, in the last few years, instances where borrowers have been unable to borrow money? On the contrary, it has been as easy as pie to borrow money in the last few years.

There are those who say that deficits will drive us into the hands of foreign lenders and that they will own Canada. Honourable senators, the reason borrowers, businesses and governments borrow from foreigners is that they usually get a better rate. When we borrow, we get Canadian dollars. There is a myth that somehow we are borrowing foreign currency. We are not. We are converting that currency to Canadian currency and we have full control over it through our monetary policy. Usually the debt is denominated in Canadian dollars and, so long as we can service it through our foreign earnings, it is merely a more efficient way of getting our money than any other way. However, if we cannot service it, then the effect is not on crowding out; the effect is on the value of our currency. Indeed, if our currency falls in value due to the fact that we cannot service our foreign borrowings, then, of course, there are consequences for inflation. However, I would say this about borrowing from foreign sources: It indicates that the lender, at least, has confidence in the ongoing strength of the Canadian dollar, even if we do not.

Honourable senators, it is said that consumption takes so much that there is no room for savings and investment. Again, over the past few years, when we have had deficits, there is no evidence that investment has diminished. As far as savings rates are concerned, there has been a drop in the savings rates, but that has been caused more by the availability of cheap money, due to an expansionary monetary policy, than it has by any other reason. In fact, I will guarantee that, now that the Bank of Canada has embarked on a more restrictive monetary policy, there will be a considerable increase in the savings rate of Canadians.

It has also been said that deficits stimulate the economy. That is undoubtedly true, but by how much? How important is it? The present deficit adds 3.1 per cent to the gross national product. As against the effect of monetary policy, it is extremely insignificant.

Again, in these conversations that people have about deficits there are fictions about interest rates. They say that interest rates are set by the central bank. To an extent, that is true, but, to a greater extent, interest rates are nothing more than the price of money. Short-term rates reflect the direction of monetary policy. Long-term rates reflect inflation and the expectation of inflation. There is no question that interest rates

do have an effect, but they are more a reflection of the state of monetary policy than they are an instrument of control themselves. There are, of course, those who say that the very increase of interest rates is inflationary. It is true that, if you increase interest rates, you increase costs. However, as I have said, increased interest rates are the result of restrictive monetary policy, and, in time, increased interest rates will tend more to diminish an inflation than to add to it.

There are also people who say that the way to deal with deficits is not through gradualism; that the only way we can deal with a deficit is to cut out entire programs. Honourable senators, every time we have tried that method in the past we have engendered an enormous political resistance, and the result of it has been that governments have had to back away from doing the very thing that they should do. I would reject the idea that there is no such thing as gradualism, because I think proper management of the economy is far more important than going around with a broad axe, trying to slash programs. For political reasons, that is probably not going to be effective.

It is true that all of the criticisms of deficits can occur in an economy where we have a restrictive monetary policy. Therefore, we cannot dismiss those criticisms out of hand. However, the real effect of a deficit is upon monetary policy itself. A deficit can, if it continues—and continues at a high rate—force the central bank to increase the money supply. Even by the nature of its existence it works against the effective use of monetary policy. Indeed, it can cause monetary policy to be more restrictive than it need be. Also, because monetary policy is such a blunt instrument, and because you cannot regionalize it, you can create a situation in which you are too restrictive and throw the economy into a recession. So, in looking at the deficit, the real problem that we deal with is the problem of inflation. That is what we have in Canada. We have a very serious underlying inflation that could go out of control very quickly. It must be licked. The problem with the deficit is that it makes it more difficult for monetary policy to act on that problem.

● (1450)

What should we do? I believe we should continue our restrictive monetary policy and be prepared to stay with it for some considerable length of time. I notice there are predictions that, by the fall, I believe, we will be back to low interest rates again, that the economy will begin to expand, and that really this is just a short-term problem. Indeed, the strong stock market is reflecting that it is a very short-term problem. In fact, if we look at recent history, the lags are much longer than they used to be. If we look at how long it took to squeeze inflation out the last time and how long it took to recover from the consequent recession, we realize that staying with it and having the political will to back the Governor of the Bank of Canada in his policy is absolutely essential.

There is a bright note, however, and that is that the lags are largely controlled by the expectations of continuing inflation. What we have is an inverted interest rate curve. That is, short-term rates are considerably higher than long-term rates. As I said before, short-term rates reflect the monetary policy of the central bank; long-term rates reflect the expectations of continuing inflation. Short-term treasury bills of 90-days' duration are around 12.35 per cent. Eight-year Canada Savings Bonds are in the neighbourhood of 10.4 per cent, some 200 basis points lower. Indeed, ten-year bonds, I believe, are down around 10.1 per cent. So that is a happy note. It indicates that there is a feeling that inflation will be licked. If that is so, it makes the lag less long.

There is, however, one stricture on the policy of the Bank of Canada in trying to continue its restrictive monetary policy—there are always strictures in these things—and that is that they must keep an eye on our exchange rate policy. If they continue to keep the spread in interest rates too high, then our exchange rate will move up, thereby restricting our exports and making it much more difficult to keep our export volume up, which is so important to our economic well-being.

So I believe that monetary policy is the prime mover in this whole equation. However, the deficit exists and the deficit does proscribe the use of monetary policy, so there is no question that we have to attack the deficit, but we must do so for the right reasons.

One happy situation is that we have a government that has just received a mandate and, therefore, can fend off the special interest groups that will assault them for trying to cut into choice and favoured programs. There have to be strong strictures on spending. I think it is especially important that the goverment look at social programs.

Social programs constitute 45 per cent of our total budget. There is no question that we should have them. Social programs are the dividends that accrue to individuals in a wealthy economy, and, in relative terms, we are a very wealthy economy. So they should continue. We should be able to look after people. There should be landing nets. However, we must manage them better. If we are going to have them and, indeed, continue them, we must use our resources properly and manage them better than we manage them today. The choice is: Do we cut them out? No. Do we manage them better? Yes. That leads me to the question of universality. There is no question in my mind that, if we want to preserve the programs, then the expenditures should be made according to need. We have a tax system that can provide an assessment of that need without in any way compromising the dignity of the individual. There are people who will say to you, "Oh, we have to have universality, because, if we don't have universality, it means that a certain segment of the public doesn't benefit from the program and will, therefore, be against it." I do not believe that is the case. I do not believe that because somebody does not receive a certain social program he or she will automatically say that it should not be available to anyone else.

There are those people who say, "We don't have to worry about it, because for the wealthy or the well-to-do or the middle class we tax it away." The fact of the matter is that taxation only takes back a portion of the expenditure, and with tax reform that portion is even lower. So I believe that we should, as a matter of preserving our social programs, have a real look at universality and say that people who earn above a

certain threshold will not get the benefit and people who earn below that threshold will get a real benefit.

With respect to medical care, I believe that we should introduce a user fee, not payable by those who cannot afford it but payable by those who can. Frankly, I think we should allow doctors to extra bill, but we should say to them, "If you extra bill, the government will pay you less than if you bill according to the schedule." In other words, if a doctor wants to extra bill, he will get, say, 75 per cent of the schedule, and if he does not extra bill, he will get 100 per cent of the schedule.

Certainly we should stop subsidizing the well-to-do in such areas as university fees, which is a transfer from those who cannot afford it to those who can.

• (1500)

The other side of the equation from spending is taxation. Of course, we can meet the deficit by increasing taxes. If we do that, then I think we ought to leave individuals alone. We have had tax reform. The idea was to create a greater incentive to people, and I do not think there is anything we should do to wreck that very worthwhile initiative.

As a matter of fact, there is one area I think we should change in tax reform. I understand the Minister of Finance proposes to bring 75 per cent of capital gains into income. I think that is crazy. If you want people to take risks, you should not tax them at a higher rate than what they would pay on dividend income, because that is what will happen. At the present time the tax on capital gains and the tax on dividends is the same. That might make some sense, but to make the tax on capital gains higher than the tax on dividends makes no sense at all.

Leaving individual tax aside, it is interesting to note the situation with respect to corporate taxes. In 1977-78 corporate taxes provided 17.7 per cent of the budget income. Ten years later that had dropped to 11.9 per cent. Therefore, corporations are not paying their fair share.

A good part of the reason is that we create tax incentives. We say to corporations, "If you do this or that, you will reduce your taxes." They are not dumb, so they respond, "We will do that." If we want to continue with that, then inevitably corporations will pay less taxes, but, if we want to cure that, I think a great deal more tax dollars can be raised from corporations. I would love to see the reaction of the corporate chiefs, who are saying that we have to cut the deficit, if their taxes were increased; I would love to hear what they would say then. It would be wonderful to see them put their money where their mouths are, but that is just a personal opinion.

Honourable senators, we have the opportunity and the likelihood of a national sales tax—in fact, a tax on consumption—and this I would personally endorse. I think that in its initial stages it will have an inflationary effect, because it will add to prices, but in the long run, because it is a tax on consumption, I think it will be a marvellous way of raising funds so long as it is comprehensive and so long as there is some tax credit for low-income people.

Finally, my prescription would be to have the government at least talk to the premier of Ontario in order to try to slow down some of the expansionary policies in that overheated economy.

Honourable senators, the second area I should like to deal with very briefly is the area of unemployment insurance. We are all aware of the shortcomings of that program. It has become an income-support mechanism for certain regions of the country. People have learned to work the system by working for the term of the eligibility period, laying off, and then again working for the eligibility period. I remember that when the Standing Senate Committee on Finance published its report entitled "Growth Employment and Price Stability" our witnesses estimated that unemployment insurance added at least 2 per cent to the natural rate of unemployment. The reason was that the structure is based upon short-term employment and it encourages people to stay on unemployment insurance rather than to work or to take training.

The new policy proposes that more funds be directed to training, that the qualifying period be increased, the benefit period reduced, and that benefits be cut off for those who quit without cause or who are fired for cause or who refuse a suitable job or training. On the other hand, the proposal would increase maternity benefits, incorporate sick leave into those maternity benefits, and allow people over 65 to continue to participate in the program, which they cannot do now.

I think this is probably the first step towards making the system a true insurance system. It is gratifying to see that more money will be spent on training, although perhaps it should be separated entirely from the system so that, instead of training funds being more readily available in areas of high unemployment, they would be available to those who could benefit from the training.

As a matter of fact, in the Finance committee report on Canada Manpower we suggested that there be a great increase in training provided by the private sector. We found that too much training was provided through government operations and it was very often not relevant to the kinds of jobs that were being offered in the private sector. At the time we recommended that the government buy training programs from the private sector, thereby having programs that would better relate to the kinds of jobs that were available.

What the amendments seem to do is to reduce the tendency to work the system and to increase the mobility of our work force. They do not deal with the problem of income support in the regions that require assistance. In that regard I should have thought that it would be better to separate the problem of income support from the whole question of unemployment insurance. However, I do commend the government for taking a step—and a serious step—towards making the system a proper insurance system.

Finally, honourable senators, I should like to speak on the question of federal-provincial relations. I think the climate, as the Leader of the Government has said, has improved. The Prime Minister has been making an attempt at, and has a

knack for, getting along with people. He has done a good job of bringing the premiers more into the decision-making process, although one has to question whether he has not given away too much and whether we are in danger of losing the strength of our central government in the governing of our affairs.

I should like to deal briefly with the Meech Lake Accord, although I think that is for another time and another speech. I do believe, however, that the questions arising from Meech Lake should be submitted by reference to the Supreme Court. We should know how the court would interpret the words "distinct society" and also what is meant by "programs compatible with national objectives".

● (1510)

I should like to deal with the question of the "notwithstanding" clause, which is section 33 of the Constitution Act of 1982. It has come to the fore because it was used by the Government of Quebec to override the Charter of Rights in respect of Bill 178.

Mr. Bourassa says that he used the "notwithstanding" clause but that, had Meech Lake been in force, he could have done what he did by virtue of the operation of the "distinct society" clause. True, there are those who disagree with him, but Mr. Bourassa says, I believe, that he could have used the "distinct society" clause.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have heard that statement made before and by quite eminent people, as is the case today.

A very diligent search of the record yields no documentation for the statement which the honourable senator and others have attributed to Premier Bourassa. On the contrary, he has been at some pains on several occasions to state that there would never be any question in his mind—and I think the reasons are obvious—of trading the "notwithstanding" clause for the "distinct society" clause. The "notwithstanding" clause is a far more powerful and drastic weapon in the hands of any government than an interpretive clause in the Constitution.

Senator Everett: Then I stand corrected. I think that Quebec has used the "notwithstanding" clause extensively in most of its legislation.

Senator Murray: Previous provincial governments in Quebec have.

Senator Everett: That is quite right. I think it has been used quite widely by them. I do not have much disagreement with that. It is there; it is in the Constitution. If they use it, we can condemn the use of it, and it has a five-year life. However, it has become the vogue to say that the "notwithstanding" clause must go, that it is a fatal flaw in the Constitution, and that the Constitution should protect the inalienable rights of the individual.

It is my feeling that the clause should not be removed. There is no guarantee that a charter or a bill of rights or a constitution protects inalienable rights. It is how they are interpreted; it depends on who interprets them.

I think one can look at the constitutional history of the United States to see how interpretations can change. I do not think it is too long ago that the Supreme Court of the United States was talking about "separate and equal" as part of the constitutional law of the United States; that blacks should be "separate and equal." Now they have come round to another interpretation entirely. So I do not think we can depend on a court for the final say. It seems to me that the final say in a democracy as to how one interprets a charter is with the legislatures. They should make that determination. They should be reluctant to do so, and the strictures and the condemnation against them should be severe if they try, and the five-year rule is a good rule. I for one would not like to see the "notwithstanding" clause taken out of the Constitution.

Finally, honourable senators, we have Bill 178. I for one am a supporter of, and I think many Canadians who live in my region of the country have been supporters of, bilingualism in Canada. Sure, there was a great deal of resistance to it, but, nonetheless, there has been, over the years, an increasing acceptance. French immersion courses in western Canada are booming, as I believe they are throughout the rest of Canada. There has been an increase in the number of bilingual Canadians. It has become a form of social and political distinction that you can speak both languages. Many countries in the world take the attitude that all Canadians are bilingual, and that is what makes us distinct from other countries.

The Official Languages Act has been a success. It has guaranteed services in both languages in our federal institutions and in our courts. It has allowed federal public servants to do their business in either language. Our public service reflects the linguistic duality of Canada. Now, as the Leader of the Government in the Senate has stated, we have the Official Languages Enhancement Program that has been endorsed. I think he said, by four or five provinces.

But something has happened. Although we had this success coming along, Quebec has now decided that it will take over the protection of the French language. There is nothing wrong with that. Indeed, the English minority in Quebec has rights far in excess of those of any French minority anywhere in the rest of Canada, perhaps even including New Brunswick.

But what we are looking at is a negative. In Quebec they say you cannot learn English before grade four. English immersion is now banned in the public sector. Bill 178 rejects the expressed direction of the Supreme Court of Canada in respect of linguistic actions. The Supreme Court was generous. It said that the language of both communities should be reflected, that Quebec should protect and promote French, and that French must have supremacy.

But Bill 178 denies the use of English, perhaps in a small way, but it does deny it, and this suppression, I guarantee, will be viewed badly outside of Quebec. It revives old feelings of mistrust; it puts our bilingual policy in considerable jeopardy.

I should like to quote Mr. Turner, as I thought he put it rather well in his speech in the House of Commons. He stated:

> There is no need to suppress all the other languages to ensure the influential development of the French language. The vast majority of Quebecers, francophones as well as anglophones, show goodwill and immense potential and a profound desire for cooperation.

Honourable senators, I think that feeling was growing in the rest of Canada. I think what Quebec has done has put it in jeopardy and I think that may well be the tragedy.

Hon. Philippe Deane Gigantès: Would the honourable senator accept a question?

Senator Everett: Certainly.

Senator Gigantès: Does the honourable senator seriously equate whatever Quebec may have done to anglophones with what has been done in his province, in Alberta and Saskatchewan to francophones over the ages? Does the honourable senator think that some attempts by an élite in the west to send their children to immersion classes compares in any way, in terms of offence and pressure against a linguistic minority, with whatever may have been done in Quebec for the anglophones, where they have their own universities, their own hospitals, their own school boards and a verging press? They have not been oppressed the way the francophones have been in the west.

● (1520)

Senator Doody: Question!

Senator Gigantès: Even recently in Saskatchewan and Alberta, Quebec has a proud record—whether or not one agrees with the use of the "notwithstanding" clause and Bill 178. The treatment of anglophones in Quebec is still a model for the treatment of minority languages in other parts of Canada. How can you possibly compare the two?

Senator Everett: Well, if you are trying to settle old scores, I do not disagree with you; but the whole idea of the bilingual policy was to try to rectify it throughout Canada, to make people who spoke French and people from Quebec feel at home anywhere in Canada. I am not finding fault, but I think it is a tragedy. I do not think it is necessary. I think you can adequately protect the French language in Quebec by positive legislation. We do not need this negative legislation, and all I am saying to you is, if you have it, what you are going to have, senator, is a reaction, and a bad reaction. You do not need that and you never did need it and you never will need it, no matter what the history was.

Some Hon. Senators: Hear, hear!

Senator Gigantès: —Honourable senators, the bad reaction is so very near the surface in Manitoba—

Senator Doody: That is not a question!

Senator Gigantès: —in the heart of its current premier, Mr. Filmon, who led the attack on francophone rights with Sterling Lyon, that it is not very convincing to say that anything Quebec does provokes it. All they look for is a pretext.

Senator Everett: Honourable senator, I do not think you listened to me. I did not say that, but I do want to deal with the question of the Manitoba language situation. It was not a denial. Manitoba did accede to the direction of the Supreme Court. I talked to the chap the other day who is in charge of translating the statutes. He says they are very much ahead of schedule, and I believe that. I stand to be corrected, but I did talk to the man who was doing it. We acceded to the requirements of the Supreme Court. Don't say we did anything different, because we did accede!

Senator Gigantès: That was Pawley; that was not Filmon or Lyon. They are the two I mentioned.

Hon. Duff Roblin: Honourable senators, I really cannot allow this misrepresentation with respect to the Manitoba question to go any further without some word of correction, because this is not the first time the honourable senator who has just spoken has misrepresented in a gross manner what took place in Manitoba and the position taken there by various people.

The issue that was at stake was not the issue of the constitutional rights of French Canadians in Manitoba—which was never denied by Sterling Lyon. Get that clear! It was never denied by Sterling Lyon! It was another issue that had to do with matters that went beyond the role of the Constitution that Mr. Pawley attempted to incorporate into a new constitutional situation. That was what the argument was about, not the historic rights of the Manitoba Act of 1870 with respect to the use of French in the province of Manitoba. Now, that should be clear, and while one may criticize Mr. Lyon or anyone else with complete freedom, because that is our system, it is important to get the facts straight and to know what you are really criticizing him for.

I may add another point, and while I make no claim for the province of Manitoba's record with respect to its treatment of French-speaking citizens, it is not a matter in which I would take pride in the sense that it has been without fault, because I think it has not been without fault. Within recent years—and if I may be so bold as to say since 1960, when I had something to do with the matter—the rights of French-speaking Canadians in Manitoba have been progressively recognized and expanded, and that expansion continued under the regime of Mr. Sterling Lyon, as it did under the regime of Mr. Pawley and as it does at the present time.

I make no claim that the French speakers in Manitoba are on an equal footing with English speakers in the province of Quebec, but I do not think it would be correct to say that there has not been an improvement and a steady recognition of their position in the province over the years; and, as my honourable friend, who has just spoken in an eloquent and able speech this afternoon, made it clear, we in Manitoba will continue to expand the services to French-speaking people in our province. I have no doubt about that, and I think that in the course of reasonable time the matter will be placed on a footing that will be reasonable to all Canadians. But I really cannot allow my honourable friend to distort the facts of the matter as he is prone to do.

Some Hon. Senators: Hear, hear!

Senator Gigantès: I have just been told that I was distorting the facts. I had referred to the behaviour of Mr. Lyon, after he lost power, and of Mr. Filmon. I have their speeches from those days, because I was a journalist. I had to read their speeches and write editorials on that subject in the *Gazette* and I remember their inflammatory comments and how they were behaving irresponsibly.

Senator Flynn: That is because you wrote the editorial from your perspective!

An Hon. Senator: Order!

Senator Gigantès: They did not imitate the wonderfully noble and honourable behaviour of Senator Roblin, who is a great Canadian. They behaved in a manner that was destructive to the unity of this country.

Senator Roblin: I should like to tell my honourable friend what he did say, not this afternoon but the other day. In the spirit of charity, which I now regret, I allowed the statement to go unchallenged at the time, but I will not do so now.

He said, and I read from page 57 of *Hansard*:

> . . . Sterling Lyon, the man who led the fight to deny Franco-Manitobans their constitutional rights . . .

That statement is false!

Senator Gigantès: When he was in opposition!

Senator Roblin: He never opposed their constitutional rights and he never opposed the ruling of the Supreme Court in that matter.

Then my friend goes on to call Mr. Lyon ". . . the main drafter of the 'notwithstanding' clause." Well, I have to tell him that while that may be the common impression—it is certainly my friend's impression—that also is an incorrect statement of what took place in those constitutional debates. I want my honourable friend to get close to the facts, and then I will respect what he has to say about me or anybody else!

Some Hon. Senators: Hear, hear!

Hon. Solange Chaput-Rolland: Honourable senators, I am beginning to feel like a jumping bean and I wish to call for your indulgence, because, after this extraordinary exchange in defence of minority rights in English by my distinguished friends, I feel that I do not know exactly whether I should speak French or English, but I will speak the language I wish to address you in, with the greatest respect.

[*Translation*]

Honourable senators, this is the second time I have had the privilege of rising in this chamber, and if today I use the English language more often than is my habit it is

[*English*]

because I would like to address myself, not solely but primarily, to my English-speaking colleagues in this house. It is not easy to stand up here when one is not angry but is infinitely sad.

Before I proceed with my remarks, I should like to say to His Honour the Speaker that, together with all of my colleagues, I am very pleased that he has had his mandate prolonged.

[*Translation*]

I think I may say, without committing a grave indiscretion, that he and I have known each other for a long time, and I find his presence in the Speaker's Chair reassuring.

Some of the speeches I have heard since I entered this splendid institution have moved, astonished and surprised me. Most of the time I listen with great pleasure.

• (1530)

[*English*]

However, I would not make the same remarks about the speeches I have heard this week by the Honourable Leader of the Opposition and by his Siamese twin, Senator Frith. I do find it difficult to accept that the opposition to the government should adopt this tone, these words and these innuendoes. It is difficult to understand such grandstanding from men whose quality and integrity I do not doubt for one minute. I may sit on this side of the chamber with pride, but do not think I despise anybody who does not sit beside me—here, in Quebec or anywhere else in Canada.

I want to say to Senator Frith that with respect to the list of zeros that he so grandly attributed to Senator Murray yesterday, I would not limit the number he would receive in return from me. He gets them all.

[*Translation*]

Honourable senators, I realize I was not asked to speak again in this chamber in order to make frivolous comments about my colleagues—which I did to strike a more humourous note in the debate this afternoon—but to comment on certain aspects of the Throne Speech.

I would first like to quote the passages I used as the basis for my speech, since I am not a constitutional expert and do not want to impinge on the territory of my eminent colleague, Senator Gérald Beaudoin. Her Excellency, the Governor General, said, and I quote:

> My government believes the ratification of the Meech Lake Accord is indispensable to the further evolution of the Canadian constitution.

[*English*]

I take this to mean that not only has the Mulroney government not weakened its trust in the spirit of Meech but that it has, on the contrary, reinforced it, because some pages later Her Excellency states:

[*Translation*]

> . . . with Quebec at the table as a willing participant, future constitutional development—including the important issues of Senate reform . . . will become possible.

And some day I shall, if I may, make a contribution to this reform, because I would not want this process to take place without our input, honourable senators.

Finally, as a French-speaking Canadian, I was somewhat startled when I read:

Today, Canada stands as one of the most dynamic nations; this has been achieved by people who have placed the highest priority on the need for tolerance, compassion and fairness.

Recalling all the comments, prejudice and misconceptions regarding Quebec's distinct society, I wonder, honourable senators of Canada, where is this compassion, this fairness and this tolerance? Is that what I heard this afternoon in this chamber? I heard arguments about our French minorities, mostly in English, with the exception of the remarks of Senator Gigantès, bless him.

This week, I was very moved, and I think you must have been too, when we heard from another Liberal member, Mr. Malépart, who may have felt—and I say "may", because I am not privy to his thoughts—the same astonishment and surprise. He decided, in the other place, to speak first and foremost as a Quebecer and express his disappointment with the comments on Meech Lake made by several members of his party and a number of his anglophone and francophone compatriots. He even went so far as to say, and this certainly astonished me, that he almost wished English Canada would say "No" to Meech Lake so that if his children ever wanted to say "Yes" to independence for Quebec, they would feel free to do so.

For a French Canadian and a Quebecer, who campaigned on the "No" side of the referendum in more than 58 towns in Quebec together with Madeleine Ryan and the minister, Thérèse Lavoie-Roux, to hear this kind of talk is startling, but in her heart and soul, she understands that if Meech Lake gives rise to statements that are incompatible with the spirit of harmony implicit in the Accord . . . I think it is not surprising that all of a sudden, a French Canadian says: I have had enough. Will it never end, this incredible tug of war between francophones and anglophones, between Quebecers and the people of the other provinces? Sixty per cent of us said "Yes" to Canada. Is more than 60 per cent of Canada going to say "Yes" to Quebec?

For a man like Mr. Malépart, who is fighting a disease with which I am better acquainted than most, to have spoken in this way, straight from the heart, he must have felt, like me today, that he had to give vent to his feelings of pessimism. There are times in the lives of all human beings, whether they be men or women, French or English, Quebecers or people from other provinces, Canadians or citizens of other countries, when they must give vent to their innermost feelings.

A great French philosopher, Henri Bergson, referred once to a "supplement of soul". This is in fact the crux of our comments, Mr. Malépart's and my own, this French supplement of soul we find it so hard to accommodate in this country and this institution. What will we do if you say "No" to Meech Lake? Honourable senators, do you really think that whoever is the next premier of Quebec would ask for less than the man who asked for the provisions in the Meech Lake Accord and who proposed them in accordance with our best democratic traditions? Do you really think any premier would ask for less and that his sons, like mine, would allow him to do so? I was part of a generation, and this includes many of us here today, which was involved, and I think of other Quebec colleagues in this chamber, in discussions and seminars on radio and television, in our universities and colleges, and this went on for more than a decade, to find a solution to what was then called the Quebec problem or the Canadian problem.

When we discussed special status for Quebec, a popular subject, you in English Canada understood this to mean particular or privileged status. That is not what we meant.

When the Laurendeau-Dunton Commission, of which Senator Royce Frith was a member, decided to write in its courageous preliminary report that Canada was experiencing the most serious crisis in its history, few anglophones believed this, but nearly all francophones in Quebec knew it to be true in their heart of hearts.

Several years later, the Pépin-Robarts Commission realized that Canada would be unable to survive unless Canadians accepted its linguistic and constitutional duality. Mr. Trudeau casually swept our recommendations into the dustbin, the place to which he also relegated Meech Lake.

● (1540)

[*English*]

Do you know, my English-speaking friends, the effect of such a denial on our history? Do you know what it does to you, when you are a French-speaking Canadian and have fought for this country, to hear such comments in this house, to this government? And may I recall to you, Senator Frith, that on one of the occasions on which you graced our home with your presence as a friend, getting together in the Laurentians with members of your commission to reflect upon the seriousness of the Canadian crisis, you used a phrase that I have never forgotten. I will try to repeat it to you in the same words as you told it to me. You said to my husband and me, in front of Gertrude Laing and André Laurendeau, "If one of my children were to ask me: 'Where were you when this country exploded?', Solange," you said, "I would like to be able to answer: 'I was there to help it not to explode.' " Well, you did that, sir, and I want to answer, "I did it too, in my own way."

Your colleagues and your commission at that time had great success in enacting the Official Languages Act. Senator Everett, you were perfectly right: it has changed the linguistic situation in Canada. Because of the Laurendeau Commission, because of the preliminary report, because of the Official Languages Act, Canada has become an open and more democratic country.

That observation of yours, Senator Frith, convinced me, and many others, that the Pépin-Robarts Commission was also a very valuable institution—and as the great Robert Frost might have said, at this time in my life I may not have many miles to go before I sleep, but I have promises to keep—and I intend to keep them.

[*Translation*]

Honourable senators, I made those promises in front of the cameras in my country and in the province of Quebec on the evening that I learned of my appointment to this institution, perhaps to your regret, but not to mine.

The people of Quebec were incredibly generous in letting me come here, knowing that I would not speak *the* truth, which I do not know, but *my* truth, which I do know. It is not always easy to speak it. It is even less easy to live it. Honourable senators, on no account would I want my children and grandchildren to live through this daily battle to be French speakers and Canadians at the same time.

Do you think, honourable senators,

[*English*]

that it is easy to love a country, to be loyal to a country that does not care for what you are, for what you write, for what you read, for what you love, for what you sing? That it is easy to continue to be attached to it?

The time that I have given myself to speak is over. I have started this speech too many times to ask you to forgive me for speaking my truth. If I did not, then I should not have stood up.

On the eve of the ratification of the Meech Lake Accord, I was one of the first to use an expression that has been taken and spread by the Canadian press, which I see is here in great numbers. Perhaps one day we will find a way to get them in here.

Senator Phillips: It is more than usual.

Senator Chaput-Rolland: That is not a very good compliment to me. However, I did speak about the magic and the beauty and the harmony of the Meech Lake Accord. I believed in it with all my heart, and I still do. But I am not sure—and I am less sure than I was 15 days ago, even if that accord is ratified by all of the premiers of Canada, and they keep the promises they have already made, which they made openly in front of the cameras of Canada—that it will work. I have read so many things about it. On Saturday night, I read *Maclean's* magazine, the English-Canadian newspapers from western and eastern Canada, the French newspapers, the positions of the friends of the Meech Lake Accord and the opponents of the Meech Lake Accord, and now I do not quite believe it will work.

The animosity and the prejudices are very strong. I would like to believe that in this room, where we have all acquired an experience of life, whichever side we are on, it is our duty to explain it and to help our compatriots to understand it. Will that be possible? I do not know. I personally do not want to be free *of* Canada; I want to be free *in* Canada, to believe what I believe as a French-speaking Canadian, and to be proud of it. Will that ever be possible? I hope so.

Twenty years from now, when free trade is really working, the exchanges between our two countries will not only be commercial; they will be cultural. At that time, my friends, my English-speaking friends, you are going to need the distinctive character of Quebec.

[*Translation*]

You will need a distinct Quebec to keep a distinct Canada.

Hon. Senators: Hear, hear.

Senator Chaput-Rolland: A fable writer once said:

One often needs someone smaller than oneself.

[Senator Chaput-Rolland.]

Well, that someone smaller, which could be Quebec as compared to the vastness of Canada, is already bigger and stronger than you think.

[*English*]

If you put the Meech Lake Accord in Mr. Trudeau's dustbin, I hope that at the same time you will not put our history in there also.

• (1550)

Hon. Dalia Wood: Honourable senators, first, I cannot let pass a remark that has just been made by the honourable senator who has just spoken. Perhaps after being in the Senate a little longer she will come to understand that we on this side do not despise those on the other side, but just have a difference of opinion.

Today I am honoured to be part of this Parliament and this house. I am also proud to stand here as an English-speaking Canadian of Italian heritage from Quebec. I should like the honourable senator to know that I will keep fighting for the rights of the English-speaking in the province of Quebec.

Today I wish to thank the Honourable Gérald-A. Beaudoin for these inspiring words in his speech:

> At times Parliament may be reluctant to act. For instance, the Court is not the sole guardian of the Constitution. It is not the only branch responsible for protecting rights and freedoms, and it has said so repeatedly.
>
> The role of Parliament remains intact. It too must guarantee our rights and freedoms, legislate to create new ones, as necessary, and respect those rights and freedoms in every piece of legislation it adopts.

I am not sure whether the Speech from the Throne has recognized a crisis situation in our Canadian society of today or whether it is just playing with words between the intrigues of our two official languages.

Along with the enriched advantages of having two official languages, not to mention that they are both world class ones, we have the responsibility to be vigilant towards those who, having the ability to say similar things in both official languages, may give nuances and overtones that have somewhat different meanings. "Le péage des mots," to quote from Pierre Trudeau.

For instance, when one approaches Ottawa by Ontario highways, one will note that the signage refers to the "Nation's Capital". However, when the approach is by Quebec highways, the road signs indicate "Ottawa, Capitale du Canada". This conforms to the new regulations, which are to remove the word "national" from our national institutions. Hopefully, this directive is not being made effective by the influence of the Quebec National Assembly.

You will also note the couching and clever manipulation of the word "national" in the fourth objective of the throne speech. Why do we refer to a national uniqueness in the English text while referring in French to:

> . . . en renforçant notre sentiment d'appartenance à une entité culturelle et nationale distincte.

Is this national proclamation meant exclusively for French-speaking Canadians residing in Quebec? If so, which text must the French-speaking Canadians from outside Quebec use as their opportunity for involvement?

In any event, and assuming that the people who write dictionaries have no axe to grind, you will note that in either French or English texts the word "distinct" means "separate from".

The official language minorities of Saskatchewan, Alberta and Quebec are paying the price of the current government's lack of a clear, and forcefully implemented, official languages policy.

Over the past year the federal government has been content to wait until the provincial governments have responded to critically important decisions of the Supreme Court. When the response of the provinces of Saskatchewan, Alberta and Quebec was promptly to remove the rights restored by Supreme Court decisions, the federal government did nothing except bleat a few regrets. The policy of trying to placate and appease the provincial premiers over linguistic issues and minority rights has proven to be bankrupt. Through its silence on the issue of minority language rights, the Speech from the Throne continues this policy of leaving the fate of the francophone minority outside Quebec and the anglophone minority inside Quebec to tacit deals between the premiers concerned and the Prime Minister.

Premier Bourassa of Quebec refused to comment adversely when the premiers of Saskatchewan and Alberta introduced legislation to repeal section 110 of the Northwest Territories Act, which had established French and English as official languages of the territories prior to the creation of Saskatchewan and Alberta, and which the Supreme Court had found to be in effect in Saskatchewan and, by implication, in Alberta. Premiers Devine and Getty responded in kind, when Premier Bourassa replied to a Supreme Court ruling that supported the marked predominance of French on public signs, but not the total exclusion of other languages, by introducing legislation overriding the Charters of Quebec and Canada to restrict the use of languages other than French to the inside of stores.

The response of this government to the shattering of the spirit of the Meech Lake Accord was weak enough at the time. The Prime Minister expressed the "disappointment" of the government over the Saskatchewan legislation and the "wish" that the latter would go further in the protection of minority rights. The government "would have preferred a more generous response by the Government of Alberta."

Questioned about Premier Bourassa's Bill 178, the Prime Minister could only once again express his "disappointment" at legislation that did not meet the tests of the Supreme Court decision, and he claimed that it was "unsatisfactory" to him personally.

The Speech from the Throne contained no references to new initiatives to restore and protect the rights of linguistic minorities. Despite the rhetoric of the Prime Minister about the inconsistency of the "notwithstanding" clause with the Charter of Rights and Freedoms and the shortcomings of the 1982 constitutional amendments, no steps are envisaged to correct this situation. Nor has the Prime Minister been able to develop a consensus on the use of the "notwithstanding" clause within his own cabinet. While he denounced its existence, Mr. Bouchard, then Secretary of State, was contending that its use by the Government of Quebec was "absolutely essential." This from the minister responsible for protecting and encouraging linguistic minorities across the country and responsible for implementing the new Official Languages Act.

Premier Bourassa's attack on the civil rights of the English-speaking minority cannot be justified on the ground that only commercial signs are concerned. The Supreme Court ruling was clear: Commercial signs form part of the fundamental right of full expression, and liberty of expression is one of our most essential freedoms.

Clifford Lincoln said it best in the Assemblée Nationale the day he resigned from the Quebec cabinet:

> Rights are rights. There is no such thing as inside rights and outside rights. No such thing as rights for the tall and rights for the short. No such a thing as rights for the front and rights for the back, or rights for the east and rights for the west. Rights are links in a chain of fundamental value that binds all individuals in a society that must, to be credible, be just and fair.

The Commissioner of Official Languages, utterly lacking any support from the government for his forthright comments of a year ago, has become careful not to offend. Responding to the Saskatchewan legislation, his press release said that the adoption of the Saskatchewan legislation would "mark a sad day for Canada." His response to the Alberta legislation was a bit more strongly worded. He said:

> The languages bill tabled in the Legislative Assembly of Alberta yesterday is deeply disappointing and does not strike us as fair to Franco-Albertans. Moreover, it is a bad omen for other official language minorities.

However, when it came to commenting on the Quebec legislation, he outdid even the Prime Minister in his determination not to offend Premier Bourassa. In his view, Bill 178 "does not seem to wholly respect fundamental rights in this regard"—the use of languages other than French in commercial establishments. His recent annual report, in its review of the events of this past year, was also notable for ensuring that it caused no offence.

Honourable senators, should Bill 178 be allowed to remain, or must Parliament, in the words of Senator Beaudoin, "guarantee our rights and freedoms?"

Can you imagine nearly one million people anywhere in Canada or in the world being denied, in this day, the use of their language—especially when the language happens to be one of the two official languages of this country?

Can you imagine that, if the window shade falls down in your neighbourhood café and the English wording on the handwritten chalkboard can be seen from the street, the sidewalk, or even from the sidewalk terrace, you are in viola-

tion of Bill 178? Because, honourable senators, Bill 178 is considered a major concession, in that English wording may be used in a diminutive manner, always keeping in mind that it must not be visible from the exterior.

Here I should like to refer to some remarks made by Senator Murray, on page 41 of *Debates of the Senate* of April 5, 1989, during his speech in the debate on the motion for an Address in reply to the Speech from the Throne. He said:

> It should be pointed out that Bill 178 is really a less restrictive version of Bill 101.

Let me give you some instances of this so-called "less restrictive" bill. I will read to you article 58 of Bill 101. It states:

> . . . public signs and posters and commercial advertising may be both in French and another language or solely in another language.

That was too loose, so we come along with a new article 58 found in Bill 178, which states that "public signs and posters and commercial advertising outside or intended for the public outside shall be solely in French." That is a minus.

We now have article 60. Article 60 of Bill 101 states that:

> Firms employing not over four persons including the employer may erect signs and posters in both French and another language in their establishments.

Again, that was too loose. What did they do? They removed it completely so that we do not have article 60 anymore. However, I will read an interesting article. It is article 61 in both bills:

● (1600)

> Signs and posters respecting the cultural activities of a particular ethnic group in any way may be in both French and the language of that ethnic group.

Therefore, in article 61 in both those bills, honourable senators, we become not even second-class citizens but third-class citizens. Therefore, this act is not less restrictive than Bill 101.

Honourable senators, I should like to quote again from a speech made by the Leader of the Government in the Senate on April 6, 1989. It appears at page 46 of *Debates of the Senate*. In this particular section he is talking about the new Bill C-72:

> I tried to emphasize that the 1988 act had added a new and valuable dimension to our legislative and policy framework in the field of official languages in that the new act deals not only with individual rights but with enhancing the status of minority language communities.

Honourable senators, there can be no misunderstanding with the words, "enhancing" or "individual rights". However, my question is: How can the community of 800,000 or so English-speaking people of the Montreal area find either individual or community enhancement with Bill 101 or Bill 178 when, in spite of Parliament, their civil rights have been removed in order to entrench this morally-wrong piece of legislation?

Further proof of the deceptive play can be found in the *Minutes of the Assemblée Nationale* of March 23, 1989—which is only a month ago, honourable senators—where Mr. Gil Rémillard states, on page 5007, that he had indeed met with the new Secretary of State, Mr. Weiner, and had received the assurances that everything as previously agreed to with the Honourable Lucien Bouchard would remain intact.

[Senator Wood.]

Honourable senators, I should like to reiterate what Mr. Gil Rémillard said on June 6, 1988, and again on March 23, 1989. I quote:

[*Translation*]

> —and I say again in this Chamber that if the federal Government ever used Bill C-72 to override Quebec's jurisdiction, the necessary action would be taken to overturn this decision by going to the courts.

[*English*]

That should tell it.

Honourable senators, when I moved the adoption of Bill C-72, the Official Languages Act, I did it with the assurance given to me by the then Secretary of State, the Honourable Lucien Bouchard, that the federal law would remain supreme. In spite of the utterances made by Mr. Gil Rémillard when he advised the Assemblée Nationale that the aspect of minority language promotion contained in Bill C-72 would never apply to Quebec, Mr. Bouchard reiterated that the federal law would remain supreme. After the general election, the record will show the statement of the Honourable Lucien Bouchard that he supports the "notwithstanding" clause; a clause which deprives every Canadian citizen of his or her rights and shows a state of oblivion with respect to the existence of a minority Canadian language.

Honourable senators, we must ask whether, if an institution in Quebec requests funds under section 44 of Bill C-72, it must be refused. Can you imagine a type of federal statute that would provide funding for bilingual signage anywhere in Canada, especially where the French presence wants to be appreciated, while at the same time it is being prohibited by provincial statutes—and all this when the federal Secretary of State says that the federal laws are supreme?

Honourable senators, let me take you back to a session in this chamber when Senator David introduced a bill for the purpose of removing hatred and bias, which was being taught in our schools under the guise of history. I have here a speech dated June 21, 1944, made by Senator Télesphore Bouchard. I will read just a part of that speech:

> Under the régime of L'Union Nationale, the first governmental offspring of the Jacques Cartier Order, regulations were passed in our province to shorten the English tuition in our schools, and a law was adopted to give precedence to the French text in our statutes, although the Constitution placed French and English on the same footing. No sane French-Canadian had ever asked for this change, as we were satisfied that the spirit of the law, as shown by one text or another, was the best guide for its interpretation. The enactment of our isolationists was the cause of such a commotion in the English section of the province that those who had caused the law to be inscribed in our statues had to repeal it themselves.

Honourable senators, on going through that same speech this afternoon I came across a rather interesting passage where the same senator, I think on the instance of his first speech, said:

> Honourable senators, one of the gaps that have been mentioned in the present debate as existing in the various history manuals used in English-speaking provinces of Canada is the omission of the statement that the French language is official in both Houses of our federal Parliament.

He went on to say:

> If I spoke in French at the beginning, it was because, rising for the first time in this House to address my honourable colleagues, I wanted to pay tribute to my mother tongue; and, secondly, I desired to point out the important fact that the French language is legal in this Parliament of a British country.

Honourable senators, how soon we forget our heroes in Quebec, especially the valiant civil rights defenders from the era of the "Padlock Law".

Honourable senators, it may be time for another B & B Royal Commission, while we still have a national will and a strong federalist majority in and out of Quebec.

On motion of Senator Frith, for Senator Graham, debate adjourned.

CHARLES A. LUSSIER, ESQUIRE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS—FELICITATIONS ON RETIREMENT

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I understand that when Senator Doody moves the motion for adjournment it will adjourn the Senate until Tuesday, May 2, 1989. That being the case, this will be the last day at the Table as Clerk for our Clerk of the Senate, Mr. Charles Lussier. Admittedly, we sometimes express our appreciation of the work of our colleagues in the Senate even when they are not present; but, because I have known Mr. Lussier for so long, I should like to take this opportunity, with your indulgence and while he is present, to say just a word about the long, distinguished and devoted service Mr. Lussier has given to his country.

I first met Mr. Lussier when I was a member of the B & B Royal Commission. He was introduced to me at that time by either Mr. Laurendeau or Mr. Gagnon—I cannot remember which—and I got to know him quite well. During the work of that commission, some of us would frequently go to Le Cercle Universitaire D'Ottawa for dinner and I would often see Mr. Lussier there. I cannot remember now at just what stage of his career Mr. Lussier was at that time, but I know that in the period of my acquaintance with him he was on the Public Service Commission and was the Director of the Canada Council. Indeed, I believe he came directly to us from the Canada Council, although I am not sure about that; there may have been some stage in between.

As I recall it, Mr. Lussier was a colleague of Prime Minister Trudeau's at university, and, as far as I know, since the day he graduated he has given his life to service to his country as a public servant. That term "public servant" is sometimes used euphemistically and sometimes used even sarcastically. However, I believe that the term applies literally to Mr. Lussier. He has been a servant, a loyal and able servant of the public, and, therefore a public servant to the people of Canada, and that includes those of us who have worked with him here in the Senate. We wish him an equally distinguished retirement. He still has all of his faculties and all of his energies and his interests, which are quite catholic—with a small "c". They may, for all I know, also be "Catholic" with a capital "C".

● (1610)

Charles Lussier has played a great role in the social life of Ottawa and I know that he will continue to do so. I cannot think of anything but positive things to say about him and I am happy to have been given this opportunity today to say them.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, may I go on record as joining Senator Frith as, I am sure, do all of us, in extending the same good wishes and congratulations to Mr. Lussier. I have not had the honour and privilege of knowing him as long as Senator Frith has, having met him only when he came to us here in the Senate. However, I am delighted to have known him during this short period and to have worked with him. He is a man of integrity, honour and decency and is a pleasure to deal with. I doubt very much that he will go into retirement. I know that he has far too many abilities to allow him to retire, and I am sure that he will serve his country in some capacity or other in the years to come. I wish him well and I thank him for his service.

Hon. Philippe Deane Gigantès: Honourable senators, if you will allow me a few words, I am perhaps the only person among the senators here who was once Mr. Lussier's employee. I am sure that it will not surprise anyone that that was a turbulent time for me, and Charles Lussier gave me wisdom, friendship and solace. For that I thank him.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I think it would be appropriate for me to say a few words in French to my friend Charles because we have know each other for so long.

I knew him when he was still practising law. I had the privilege of hearing him plead his case when I sat on an arbitration board.

I met him again after that when, as Senator Frith pointed out, he was in the Public Service. I believe he was Deputy Minister at the Department of Employment and Immigration. Subsequently, he was a member of the Public Service Commission and then Director of the Canada Council. I then had the honour of welcoming him upon his arrival in the Senate.

Today I want to say how much we have appreciated his services. Everyone agrees that he is the perfect gentleman. He has performed his duties with competence and distinction.

We wish him a very happy semi-retirement. While I am sure he will not miss some of the speeches that are pronounced in this chamber, I am certain that he will miss the company of individual senators, just as they will miss him. We wish him the very best.

Hon. Jean-Marie Poitras: Honourable senators, I would like to add my few words to those spoken by honourable senators who addressed their words of praise to Mr. Lussier. I am new here, so, as a senator, I did not know him very long, although he welcomed me with a courtesy and cordiality that I appreciated very much.

However, I have known Mr. Lussier and several members of his family for quite some time. I would like to refer to him on a personal level, aside from his official duties, because he is a gentleman in every sense of the word. He has given freely of his time to many activities and movements. He has been an invaluable adviser, helping his fellow citizens in all circumstances.

Speaking as a friend, honourable senators, I share your views and wish Charles every opportunity to continue to be useful and to help his fellow citizens as he has always done in the past.

The Senate adjourned until Tuesday, May 2, 1989, at 2 p.m.

THE SENATE

Tuesday, May 2, 1989

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

Prayers.

CLERK OF THE SENATE

APPOINTMENT OF GORDON BARNHART, ESQUIRE
DESIGNATION OF CHARLES A. LUSSIER, ESQUIRE, AS HONORARY OFFICER OF THE SENATE
FELICITATIONS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that a commission under the Great Seal has been issued to Gordon Barnhart, Esquire, appointing him Clerk of the Senate and Clerk of the Parliaments.

The commission was read by a Clerk at the Table.

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that by the usage of Parliament the Clerk of the Senate is required to take the oath of office before the Honourable the Speaker of the Senate.

The oath of office was administered by His Honour the Speaker.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, permit me to say a brief word of welcome on behalf of the government and my colleagues in the government caucus to Mr. Barnhart, who begins his duties today as Clerk of the Senate and Clerk of the Parliaments.

Mr. Barnhart comes to us with solid experience in this line of work and with an excellent reputation, earned for the most part in the Legislative Assembly of Saskatchewan.

Some Hon. Senators: Hear, hear!

Senator Murray: I am happy to see that in this nomination there is some regional and provincial pride being expressed by our friends from Saskatchewan, and with good reason. Mr. Barnhart's biography indicates that he began his working life as a professor of history. There is, of course, no disgrace in that. We have several former professors of history among us. They, like him, quickly moved into the parliamentary forum where history is made, and they have made a considerable contribution to this place, as I am sure he will.

Mr. Barnhart began as Clerk Assistant, and then became Clerk of the Saskatchewan legislature in 1969. He has been active in the work of clerks' conferences in Canada and the Commonwealth. Indeed, it was through these associations and through the excellent reputation he earned in Saskatchewan that his name first came to the attention of the government.

I have great pleasure in extending to him our welcome and in expressing the hope and the wish that he will have a long, happy, stimulating and satisfying career in the service of the Senate and of the Parliament of Canada.

Hon. Senators: Hear, hear!

[*Translation*]

Senator Murray: Honourable senators, allow me to take this opportunity to endorse fully the sentiments expressed by our colleagues, Senators Doody, Frith, Flynn and Gigantès, regarding our friend Charles Lussier, who has just retired after eight years of exemplary service as Clerk of the Senate and Clerk of the Parliaments.

Mr. Lussier had a brilliant career in the Public Service of Québec and Canada. He is recognized in the academic community, famous in the arts world, indeed known throughout Canada. He did honour to the prestigious position that he held.

We thank him and wish him good health. *Au revoir.*

[*English*]

Indeed, I think the motion I am about to make, with the permission of the Senate, says it all in very few words. It records our appreciation for the service of Mr. Lussier, and I should like, therefore, with leave of the Senate, to move, seconded by the Honourable Leader of the Opposition:

> That the Senate desires to record its deep appreciation of the long and distinguished service rendered by Charles A. Lussier, Esquire, as Clerk of the Senate and Clerk of the Parliaments; and
>
> That in acknowledgement of the dignity, dedication and profound learning with which he has graced the office, he be designated an Honorary Officer of this House with an entree to the Senate and a seat at the Table on occasions of ceremony.

Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have great pleasure in supporting the motion moved by Senator Murray. As he said, the motion itself is an adequate and deserved testimony to the work and character of the retiring Clerk of the Senate and Clerk of the Parliaments.

Senator Frith, on behalf of our group, made extended comments a few days ago and it is unnecessary for me to repeat them, except to say that I support them fully. I also join Senator Murray in welcoming the new Clerk, Mr. Barnhart, to the table. I hope that he will have a rewarding career in the Senate and that, from time to time, we will be able to enliven his life by presenting him with difficult procedural problems

upon which he will be obligated to render advice to the Speaker.

Certainly in the House of Commons, and I think in the Senate, the function of Clerk has evolved over the years.

At one time, if one listens to history, Mr. Beauchesne was not only the procedural adviser but also an active administrative head of the House of Commons. Mr. Leon Raymond, who was the distinguished Clerk of the House for quite a number of years, was more than a procedural adviser, although he was an outstanding procedural adviser.

Mr. Raymond is still living and I hope he is enjoying the rewards of a very useful life. He did not come to the clerks' table, for example, through academic halls but, rather, through election to the House of Commons. He was a lawyer in Gatineau whom Mr. St. Laurent summoned to the table because of his particular qualities. I mention Mr. Raymond for the simple reason that he was my mentor in the field of procedure.

In the years I was in the House of Commons I was always impressed by the wonderfully contrived procedural arguments that were made by a number of outstanding members of that place, including Davie Fulton and Donald Fleming on the opposition side; Mr. Stanley Knowles of the CCF; and, of course, on the government side in those days, Mr. Walter Harris and Mr. Jack Pickersgill. It was an arcane business, and only for the select few.

When they made their argumentation, most of us were bedazzled by the citations used and the references to Erskine May, Beauchesne and Bourinot—all the great authorities. I never believed that I would get involved in that field myself, but it was a necessity, because, when Mr. Pearson became Leader of the Opposition, his colleagues in the opposition were, in the main, procedural innocents. Someone had to brush up on procedure, and that was how I became a student of Mr. Raymond and became, over time, deeply interested in the procedure of the House of Commons, and now of the Senate. It is an extremely interesting intellectual exercise. It is highly political—and procedure is substance. Although people think it is legalism, many of the great incidents in Parliament have been procedural in origin and in nature but, of course, political in impact.

• (1410)

I regret personally that in the House of Commons, for example, the number of members who take an active interest in procedural questions is very, very limited. That is unfortunate. That means that the Clerk and the Speaker have a private dialogue to make decisions that have a profound impact on the ongoing work of the House of Commons and on our politics.

There is some level of interest in procedure shown by some of our honourable colleagues. Perhaps we have left procedural problems with the people at the table too often. There is a contribution to be made by experienced members of the Senate in the areas of law, politics and history. I hope that Mr. Barnhart, as he takes on this new and important work, will understand that his life will be enriched as he has to contend with the views of honourable members of the Senate who have taken a long-term interest in procedure, but who express it only spasmodically.

I welcome Mr. Barnhart and hope that his life in the Senate will be rewarding and enlivened.

Hon. Senators: Hear, hear!

Hon. D.G. Steuart: Honourable senators, I should like to join my colleagues in welcoming Mr. Barnhart to the table. I happen to have served in the Legislature of Saskatchewan when Mr. Barnhart was an assistant at the table. I was impressed with him then and I am very impressed with what has happened to him since. I can tell Mr. Barnhart that two things have changed: he was a clerk [*pronounced clĕrk*] in Saskatchewan; he is now Clerk [*pronounced clȧrk*] of the Senate. I hope it pays better. Also, I think Mr. Barnhart will find this place just a tad calmer and more orderly than the Legislature of Saskatchewan.

It is interesting to note that the man Mr. Barnhart studied under, Mr. Bev Koester, left the Legislature of Saskatchewan to become Clerk of the House of Commons. I can only assume that Saskatchewan is a great training ground for clerks. The moral is that anybody who can survive the Legislature of Saskatchewan has it made and will do a great job down here.

I know that the people of Saskatchewan are very proud of the honour paid to Mr. Barnhart, as I am and all honourable senators. I wish him well and hope he has a great career.

Hon. Senators: Hear, hear!

Motion agreed to.

THE LATE JAMES E. WALKER

TRIBUTE

Hon. Jerahmiel S. Grafstein: Honourable senators, James E. Walker, a former Member of Parliament for the riding of York Centre, former Chairman of the Liberal Caucus, former Assistant Whip of the Liberal Caucus, former Whip of the Liberal Caucus, former Parliamentary Secretary to Prime Minister Trudeau, is dead.

As Northrup Frye wrote in his book *Fools of Time*,

> Tragedy revolves around the contract between man and nature. That contract is fulfilled by man's death, death being the debt man owes to nature. What makes Tragedy tragic is the presence,

Frye teaches,

> of a counter-movement of being that we call heroic . . . the capacity for action or passion that is above the ordinary and beyond the everyday human experience.

Well, Jimmy Walker was not heroic in that tragic sense. He was not that kind of hero, but Jimmy Walker was a hero nonetheless. His heroism was based on his quiet service to ordinary, average, hard-working Canadians in North York, part of Metro Toronto, who raise a family, buy a small house, pay off a mortgage, or rent an apartment, pay their taxes, put

their kids through school, go to church or synagogue every week, and believe that helping one's neighbour is a daily duty.

Jimmy represented that type of heroism—heroism that does not grab the daily headlines or titillate the media—yet Jimmy represented for me and for many of his friends the essence of political democracy, because his character exemplified the very base upon which our parliamentary democracy rests.

He was every man; the "average guy", as he called himself. He worked hard as a volunteer in his community, got elected to the Board of Education and then to the local council. Then, when the opportunity arose, Jimmy sought and obtained election to the House of Commons, which he felt was the highest honour his neighbours and friends could bestow upon him.

Nobody believed at the time that Jimmy could win the riding. Most Liberal bigwigs felt that a big name candidate was needed, someone who could grab public attention. But Jimmy waited and was patient. He sought the nomination, he won the nomination and then won the election. That is not the stuff of classic leadership, because Jimmy did not aspire to leadership. He believed in traditional values of service, loyalty, party, and hard work. No one disliked Jimmy, because he could not bring himself to say a bad word about anyone, including his political opponents.

Race or religion was simply irrelevant to Jimmy. People were people, he would say, even when people disappointed him. He was a natural, the average Canadian, at a time when the media were looking for the quirky, the photogenic, that "something different"—well, Jimmy just was not different. He remained the same type of average guy from the time he first started out in politics.

I admired Jimmy. He gave me my real start in politics. He was the one who invited me to join the Young Liberals as part of his organization when he first ran for Parliament back in the early 1960s. I became his Young Liberals president, served on his riding executive, and helped him in all his elections by knocking on doors, setting up coffee parties, travelling around with him, and helping to arrange his schedule.

I remember when he was asked to attend a meeting of union workers to represent the Liberal cause. David Lewis, who was then running in the adjacent riding of York South, was to debate the issues of the day on behalf of the then CCF, and the Liberals sought a spokesperson to represent the Liberal cause, but no one would dare face David Lewis. No one was prepared to debate with David Lewis, who was then considered the greatest public speaker in Canada. Finally, Jimmy was persuaded to go because no one else would go. My job was to help Jimmy prepare for that meeting.

Jimmy was frightened because he felt he would be buried, simply buried in David Lewis's superb rhetoric. But Jimmy won the hearts and the votes of that meeting. At the end of a most magnificient speech by David Lewis, Jimmy stood up, applauded wildly, like all the other labour supporters in the hall. Then, quietly, he opened his remarks by saying, "Well, that is the greatest speech I have ever had the privilege to hear." Then he went on in his own quiet, conversational way, saying that although he could not match the oratorical power or intellectual brilliance of David Lewis he just wanted to tell his friends and neighbours why it was important to vote for the Liberal Party.

• (1420)

Jimmy was Jimmy—he was always himself; he was a natural. For me he was the personification of everything good, sincere and decent in politics and in public life. Our hearts go out to Lillian, his wife, who first met him in his election campaign and who worked by his side in each and every one of his elections and helped him in his recent illness.

Now, Jimmy, you have earned your rest. We will never forget the pleasure of your company. God bless your soul and give you peace.

Hon. Senators: Hear, hear!

OFFICIAL LANGUAGES

THE ESTIMATES, 1989-90—PRIVY COUNCIL VOTE 15—REFERRAL TO JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons as follows:

HOUSE OF COMMONS
CANADA

Friday, April 28, 1989

Ordered,—That Privy Council Vote 15, for the fiscal year ending March 31, 1990 be referred to the Standing Joint Committee on Official Languages; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

Attest

The Clerk of the House of Commons
ROBERT MARLEAU

INCOME TAX CONVENTIONS BILL

REPORT OF COMMITTEE

Hon. John B. Stewart, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Tuesday, May 2, 1989

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIRST REPORT

Your Committee, to which was referred the Bill S-2, An Act to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax, has, in obedience to the Order of Reference of Wednesday, April 19,

1989, examined the said Bill and has agreed to report the same without amendment.

Respectfully submitted,

JOHN B. STEWART
Chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 45(1)(*f*), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

FOREIGN AFFAIRS

SECOND AND THIRD REPORTS OF COMMITTEE TABLED

Hon. John B. Stewart: Honourable senators, pursuant to rule 84, I have the honour to table the second and third reports of the Standing Senate Committee on Foreign Affairs, which reports relate to the expenses incurred by the committee during the Second Session of the Thirty-third Parliament and the First Session of the Thirty-fourth Parliament.

(For text of reports, see today's Minutes of the Proceedings of the Senate.)

[*Translation*]

THE CONSTITUTION

FIRST MINISTERS' ACCORD AND AGREED TEXTS—REPORT OF COMMITTEE OF THE WHOLE TABLED

Hon. Gildas L. Molgat, on behalf of the Committee of the Whole on the Meech Lake Constitutional Accord authorized by the Senate on June 11, 1987, to incur expenses for the purpose of hearing evidence and reporting on the Meech Lake Constitutional Accord and texts subsequently agreed to, reports, pursuant to rule 84, the expenses incurred by the committee for this purpose during the Second Session of the Third-Third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*English*]

NATIONAL DEFENCE

FIRST AND SECOND REPORTS OF SPECIAL COMMITTEE TABLED

Hon. Henry D. Hicks: Honourable senators, pursuant to rule 84, I have the honour to table the first and second reports of the Special Committee of the Senate on National Defence respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament and the First Session of the Thirty-fourth Parliament.

(For text of reports, see today's Minutes of the Proceedings of the Senate.)

TERRORISM AND PUBLIC SAFETY

REPORT OF SPECIAL COMMITTEE TABLED

Hon. William M. Kelly: Honourable senators, pursuant to rule 84, I have the honour to table a report respecting the expenses incurred by the Special Committee of the Senate on Terrorism and Public Safety during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[*Translation*]

INTER-PARLIAMENTARY CONFERENCE ON TOURISM

HELD AT THE HAGUE, THE NETHERLANDS—NOTICE OF INQUIRY

Hon. Joseph-Philippe Guay: Honourable senators, I give notice that on Thursday next, May 4, 1989, I will call the attention of the Senate to the Inter-Parliamentary Conference on Tourism, held at The Hague, The Netherlands, from April 9 to 14, 1989, inclusive.

[*English*]

THE ESTIMATES, 1989-90

REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Estimates for the fiscal year ending the 31st March, 1990, with the exception of Privy Council Vote 15 (Official Languages).

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

Some Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we on this side of the house support this motion. I should like to take this occasion to fulfil a promise—or perhaps it was a threat—to advise the Senate of the statutes that pertain to the reference of material to our committees.

These statutes have come before us at various times and we have passed them. These statutes have automatically referred material to our committees without any notice to us or any participation by us. At those times I had promised to put on the record what we could find in that category. I realize that this is perhaps this year's Bulletin No. 1 of the Voice in the Wilderness, but here they are.

There are eight federal acts which refer reports, regulations and that category of things automatically to parliamentary committees. These statutes and their relevant sections are as follows:

The Investment Canada Act, section 35(3), says in part that any regulations laid before a house of Parliament shall be referred to such standing or special committee of that house as may be established or designated.

There is substantially the same wording under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, section 24.1(2) of which says in part that every report laid before Parliament shall be referred for review to such standing committees of the House of Commons or the Senate. In all cases the words "shall be" are used.

The Canadian Aviation Safety Board Act, section 11(5), says in part that the report laid before Parliament "stands permanently referred to" committees of Parliament.

The Industrial Regional Development Act, section 15(2), says in part that every report laid before Parliament under this section stands permanently referred to the committees of Parliament.

● (1430)

The Access to Information Act, section 72(3), states in part that every report prepared shall be laid before the Senate and the House of Commons within three months.

In that case the section makes a reference to Parliament, but subsection 3 states that, even though it is laid before Parliament first, after it is laid before the Senate and the House of Commons it shall be referred to the committee whether we wish to refer it or not.

The Financial Administration Act, section 152(2), states in part that an order laid before a House of Parliament stands referred to such committee.

The Official Languages Act, sections 69(2) and 88—that was the one that attracted my attention recently—states in part that every report is referred to the committee designated, and the administration of the act and any regulations shall be reviewed on a permanent basis by such committees of the Senate.

The Statutory Instruments Act, section 19, states in part that every statutory instrument shall stand permanently referred to any committee of the House.

More and more procedure is being inscribed in federal statutes with respect to affirmative or negative resolutions and the establishment by statute of the procedure to be followed in dealing with the motions that can terminate Orders in Council. Some examples of those statutes are the Western Grain Transportation Act, The International Development (Financial Institutions) Continuing Assistance Act, the Inspection Act, the Energy Administration Act, the Electricity and Gas Energy Supplies Emergency Act, the James Bay and Northern Quebec Native Claims Settlement Act, and the Old Age Security Act.

The Office of the Law Clerk of the House of Commons has provided some interesting and useful reference centres for this material by providing a good summary of such acts.

Parliament has been criticized in recent times for permitting a great deal of "delegated legislation". The trend now seems to be developing that Parliament is allowing "delegated Parliamentary procedure". The maxim that a House of Parliament is "the master of its own procedures"—a maxim we are familiar with—seems to be less and less true. More and more the other two branches of Parliament—the Crown and the House of Commons—are laying down the procedures which the Senate is to follow, and I do not think that that is a good trend.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

NORTH ATLANTIC TREATY ORGANIZATION

NEGOTIATIONS WITH SOVIET UNION—DIFFERENCE OF OPINION BETWEEN PRIME MINISTER THATCHER AND CHANCELLOR KOHL—GOVERNMENT ATTITUDE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, would the Leader of the Government consider enlightening the Senate on the attitude the Government of Canada is taking on the difference of opinion between Prime Minister Thatcher and Chancellor Kohl on the question of negotiations with the Soviet Union? We are told that the alliance is divided on this matter. Certainly, that division was made apparent at the recent meeting I have mentioned between the two leaders. Has the Canadian government taken any position on this matter? If so, what is it?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I would prefer not to extemporize on a matter of this importance. I shall consult the Prime Minister and see whether we can make a more definitive statement on the matter.

The Secretary General of NATO is in Ottawa today. He has expressed himself as being fairly sanguine about the prospects of achieving a consensus among the NATO allies on this important matter, which, on the surface at any rate, appears to have divided two of our allies, the United Kingdom and the Federal Republic of Germany.

Senator MacEachen: I thank the minister for his undertaking to let me know later what the attitude of the government is in this connection.

HER MAJESTY QUEEN ELIZABETH II

FORTHCOMING VISIT TO U.S.S.R.—CONSULTATION WITH CANADIAN MINISTERS

Hon. Allan J. MacEachen (Leader of the Opposition): There is another question I have been contemplating asking of the Leader of the Government for some days now and that is with respect to what has been reported as the acceptance of an invitation, extended by the authorities of the Soviet Union, by Her Majesty the Queen to visit that country. My question is whether Her Majesty's Canadian ministers have been consulted and whether the visit is going ahead with the concurrence of the Canadian ministers.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall again have to take the honourable senator's question as notice and make inquiries. I have seen the same reports on this matter as the honourable senator has, and I shall consult my colleague, Mr. Clark.

FINANCE

NATIONAL SALES TAX—BREAKDOWN IN FEDERAL-PROVINCIAL RELATIONS

Hon. H.A. Olson: Honourable senators, I have a question for the Leader of the Government in the Senate in his capacity as Minister of State for Federal-Provincial Relations. I ask this question as a consequence of a statement made by the Minister of Finance a few days ago that he and his government intend to go ahead with the proposed sales tax, with or without the cooperation of the provinces.

As the government leader, the minister will realize that this is a very undersirable situation. To have in place double administration at the point of retail sales is something of an administrative nightmare for those who would be obliged to collect these taxes. I wonder if the minister can tell us what has caused this breakdown in relations between the federal and the provincial governments to the point where both levels of government would visit this kind of administrative nightmare on Canadian retailers. Can the minister tell us why relations appear to have deteriorated so badly, after all of the statements that were made that the period of confrontation with the provinces was over?

Senator Asselin: It is not our fault.

Senator Olson: I see; it is not your fault. Perhaps the minister who is directly responsible can tell us whether or not the situation is really so bad that the federal government cannot make an arrangement with the provinces, and that the Minister of Finance is forced to go to the public and say that they intend to go ahead with this tax, with or without the cooperation of the provinces, and thereby set in motion this type of nightmare, as I have said, for the small businessmen and retailers across the country who would have to collect this tax. Is there not some way in which we can work out an arrangement so that we do not end up with this type of nightmare?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, there have been discussions during at least the past two years between the federal government and the provinces on the question of a national sales tax. Obviously, the most desirable outcome would have been a national sales tax in which the federal government and all of the provinces participated. That, however, proved to be not possible at this time.

The difference between the federal government and the provincial governments at the moment is really one of urgency. We see the present manufacturers' sales tax as being a very badly flawed tax, which is having a worsening impact on the

[Senator MacEachen.]

Canadian economy. Therefore, we believe that there is considerable urgency to acting now. However, its having proved impossible to get the provinces on board at this time, the Minister of Finance had a decision to make, and he made it. That decision is that we will bring in a new federal sales tax effective January 1, 1991.

● (1440)

Senator Frith: Is this part of the achieved national reconciliation you referred to in the throne speech debate?

Senator Olson: Honourable senators, I am aware that the Minister of Finance tried to explain the matter away or sweep it under the rug with the same kind of comments that the Minister of State for Federal-Provincial Relations has just made. I had hoped that he would answer the question. What happened? Why are federal-provincial relations so bad that the parties cannot even cooperate on a matter that is so important, to avoid the kind of administrative nightmare that the federal government would now visit on businessmen and on Canadian people in general? What has happened to this honeymoon?

Senator Murray: Honourable senators, the honourable senator cannot read into this decision, and he certainly cannot read into the statements that were made by various provincial ministers and, indeed, premiers, any evidence that federal-provincial relations had deteriorated seriously or that the—

Senator Frith: You don't have to read it in; it's obvious!

Senator Murray: —climate of federal-provincial relations was a bad one. As I have explained to the honourable senator, the difference between us was one of urgency. I repeat, the present federal manufacturers' sales tax is badly flawed.

Senator Olson: You needn't have repeated it. I heard you the last time!

Senator Murray: I know that the honourable senator heard me the last time. If he will look at some of the comments made by previous Ministers of Finance he will find that their analyses are not far different. The present manufacturers' sales tax is biased against Canadian exports. It contains a bias, really, in favour of imports to Canada. It is, as Mr. Wilson has stated repeatedly, a silent killer of jobs. It was necessary to replace that tax and to replace it soon. Unfortunately, it was not possible to obtain the level of agreement with the provinces that would have been necessary to go ahead now or at an early date with a national sales tax in which the federal government and the provinces would be involved. Given the evil that had to be corrected, it was the view of the federal government that we should take the decision to proceed on our own as of January 1, 1991. That is the decision that has been taken.

My honourable friend will find, I trust to his pleasure, that, for all that and for all other differences there are on the various issues between the federal government and the provinces, there is still an excellent climate of cooperation in the Canadian confederation.

Senator Olson: Perhaps, but apparently not enough to agree to a single administration for the collection of a national sales tax.

In any event, the minister tries to argue that timing is the basis for the difference between the federal position, which has a higher urgency level, or whatever you want to call it, and that of the provinces. Both the premier of my province and the provincial treasurer say that they will fight a national sales tax all the way. Of course, the situation in Alberta is a little different because we do not have any sales tax at the moment. However, the argument being advanced by the minister—I suppose it is a reason rather than an argument—is just not the one that the provincial spokesmen who have been involved in the meetings are advancing. They are saying that they will not agree, now or ever. It doesn't matter—

Senator Murray: Not all of them are saying that!

Senator Olson: It doesn't matter about timing. The argument they are making is that the collection of a sales tax at the retail level has traditionally been the sole and exclusive bailiwick of the provinces. I will not argue that the federal government does not have the constitutional authority to get in there, but they are arguing that the federal government has not been in there, I don't believe, for the last 50, 60 or perhaps 100 years, and they are attempting to preserve that right of taxation by the provinces, which is exercised now by nine of the ten provinces.

I wonder, therefore, if the minister would like to revise his answer a little, because what he has just said is at complete variance with what provincial officials who were at the same meetings have been saying about why they have withheld their cooperation.

Senator Murray: Honourable senators, it is the honourable senator's analysis that requires revision.

Senator Olson: No, it doesn't.

Senator Murray: The honourable senator quotes correctly the premier and treasurer of Alberta as taking a position, in principle, against a sales tax. Alberta does not have a sales tax. However, he then ascribes to the other provinces the position that Alberta has enunciated. I suggest to the honourable senator that the position of the other provinces is not as categorical as that of Alberta. Other provinces evinced some considerable interest in discussing the possibility of joining in a national sales tax. It was not possible at this time to obtain agreement. Because, in our considered judgment and that of the Minister of Finance, the present manufacturers' sales tax is broken beyond repair, it was urgent to act at an early date, and that is what we have decided to do.

Senator Olson: Is the minister saying that Alberta is the only province that has withheld its cooperation on agreeing to collect this tax?

Senator Murray: The honourable senator attributed to the provinces, plural, the position that they would be opposed—

Senator Olson: That's what I've heard.

Senator Murray: —to a national sales tax now or ever.

Senator Olson: Yes.

Senator Murray: The only province whose position comes close to that is his own province of Alberta, where there is no provincial sales tax levied and where it is part of the political culture and history of the province that there would be, naturally, strong opposition to such a tax being levied by either level of government.

Senator Olson: Honourable senators, that is an amazing statement. If the minister does not have copies of what some of the provincial authorities who were at several of the meetings have said to the press, I would be glad to do his homework for him and dig up some statements, some of which come from provinces other than or in addition to Alberta, indicating that they are not in favour of the federal government's moving into that source of taxation at all, ever.

NATIONAL SALES TAX—STATUS OF OTHER TAXES

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, if Senator Olson is through with his questioning, may I ask a related question of the minister about the new national sales tax? The Minister of Finance has stated that the new national sales tax will be revenue-neutral. In view of the increases in the manufacturers' sales tax outlined in the budget, what will the situation be when the new tax comes in? Will other taxes be reduced to compensate for the increases which will have been incorporated, and to make good the minister's assertion of revenue-neutrality?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not have Mr. Wilson's budget speech in front of me, but there is no doubt that it is his intention to reduce certain taxes when the federal sales tax comes into effect, but whether it will achieve what Senator MacEachen describes as revenue-neutrality is something that I cannot estimate at this time.

Senator MacEachen: Honourable senators, I take it that it is still the government's intention to implement the policy of a revenue-neutral sales tax.

Senator Murray: Honourable senators, I would not want to anticipate future budgets.

Senator Frith: That would be a leak!

• (1450)

THE ENVIRONMENT

PREVENTION OF OIL SPILLS IN CANADIAN WATERS—CANADA'S CAPACITY TO DEAL WITH OIL SPILLS—GOVERNMENT ACTION

Hon. Colin Kenny: Honourable senators, on April 4 I asked the Leader of the Government in the Senate what actions the Government of Canada had taken since the *Exxon Valdez* disaster to ensure that such an accident did not take place in Canadian waters. On that day I also asked the Leader of the Government what Canada's capacity would be to deal with a clean-up off Vancouver Island if such an accident were to take place there. On April 6 I advised the Leader of the Govern-

ment's office that I intended to pursue the matter further. A month has passed since then.

On Thursday, April 27, the *Exxon Philadelphia*, loaded with 83 million litres from Prudhoe Bay, lost power and wallowed in the sea. Fortunately, no spill occurred.

My question is: What new steps has the government taken since the *Exxon Valdez* disaster to ensure that such a leak does not happen in Canadian waters?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am aware, of course, of the questions put by the honourable senator on previous occasions. Before coming in here today I asked about the status of those questions and was informed that we are still awaiting replies from the department concerned.

I shall have another inquiry made later today or tomorrow and see if we can not hasten the process.

Senator Kenny: Honourable senators, can the Leader of the Government in the Senate confirm that a comprehensive interdepartmental review of tanker safety and shipping cargo has been commissioned and is under way right now?

Senator Murray: Honourable senators, I shall add that question to my inquiry.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—FEDERAL-PROVINCIAL CONSULTATIONS—IMPACT ON PROVINCIAL ECONOMY

Hon. M. Lorne Bonnell: Honourable senators, I should like to pose a question to the Leader of the Government in his capacity as Minister of State for Federal-Provincial Relations.

Did any consultation take place between him or any minister of the federal government and the Premier of Prince Edward Island concerning the closure of the air base at Summerside?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, first of all, permit me to extend a very cordial welcome back to the honourable senator who, I understand, underwent some surgery in the last little while.

Hon. Senators: Hear, hear!

Senator Murray: I would express the pleasure that all of us feel that he is obviously back in top form or close to it.

Senator Phillips: The benefits of Bill C-22.

Senator Murray: With regard to the question put by the honourable senator, there were no discussions between me and the Government of Prince Edward Island, and I am not aware that any notification was given by the federal government to the provincial government prior to the announcement of the closure of the base at Summerside, its being a decision that was taken in connection with the tabling of the Budget.

Senator Bonnell: Honourable senators, I know that my surgery gave me a better heart. Consequently, I will not be so hard on my good friend across the way.

[Senator Kenny.]

Senator Frith: The drugs were expensive though!

Senator Bonnell: Yes, the drugs were expensive, because I had to use patent medicines.

I know my good friend opposite has a good heart as well, and I know that he will use all of the power at his command to approach the government, and particularly the Minister of Finance, to reconsider the closing of the Summerside air base.

Senator Frith: You know that?

Senator Bonnell: I have faith. The province of Prince Edward Island, with a population of 125,000 people, relies heavily on its only military base to employ 1,200 people, 1 per cent of its population. The military base was the source of $50 million in salaries to service personnel employed on the base, and $35 million was also brought into the economy as a result of job creation. I would also point out that $11 million was generated in terms of provincial taxes levied on the land, buildings and so forth. To take that out of the economy of a have-not province certainly does not show any regional economic expansion and it certainly does not show any regional consideration for a have-not province. Honourable senators, I would point out that while one government department has decided to close the air base, at the same time another government department, the Department of Public works, is constructing a new building on the base at a cost of between $7 million and $10 million. That building is still under construction as the air base is being closed.

Senator Perrault: Old Tory efficiency!

Senator Bonnell: I know the Leader of the Government realizes that, although Prince Edward Island is small, it is still a province which deserves its equal share of the National Defence budget.

Honourable senators, we do not mind paying an increased sales tax if it is decided that a national sales tax is appropriate. We will pay our fair share. We will pay our fair share in terms of the increased cost of hospital care. We will pay our fair share of taxes which will go towards education. However, in this particular instance I think the Government of Canada is asking Prince Edward Island to pay more than its fair share by closing the air base, which was a boon to Summerside in terms of property values. I am told that property values, in terms of houses, have already gone down by $20,000.

Senator Perrault: Shame!

Senator Bonnell: I would ask the minister to go to the Prime Minister, to the Minister of Finance and to his colleagues in cabinet and tell them that Prince Edward Island deserves better than that; that Prince Edward Island deserves some military base and that the Summerside base was doing a good job. My good friend Senator Steuart undertook some training at that base, as did many others.

It may well be that Joe Ghiz will go to the people of Prince Edward Island and ask them if they want more Toryism or whether they would prefer that he speak up on behalf of the people of Summerside and the people of Prince Edward Island in an effort to maintain those jobs.

I would suggest that the Minister of Finance call the Premier of Prince Edward Island and admit that a mistake has been made and discuss how best to deal with this matter so that the people of Prince Edward Island will get their fair share.

Senator Asselin: A simple solution.

Senator Murray: First of all, the honourable senator has made various economic arguments. I simply have to remind him that the overriding economic imperative that the government faced in the interests of getting interest rates down and continuing economic growth was to get the national debt under control. That was the overriding and fiscal imperative that faced the government.

Once the decision was made to effect expenditure savings in the coming years in virtually every department, including National Defence, the decisions on which bases to close were made by the Department of National Defence, in accordance with defence priorities. It was on that basis that the decision to close CFB Summerside was made.

I remind the honourable senator that it is one of 14 bases across the country that will be affected by these decisions, but this is being done in the interests of a healthier fiscal situation and a healthier fiscal economy.

In any case, I think I need only remind the senator that the Leader of the Opposition now has a Notice of Inquiry on the order paper to debate the budget. That debate will begin perhaps today or tomorrow. There is also a borrowing bill coming to us. The Estimates have been tabled today and referred to the Standing Senate Committee on National Finance. He will not lack opportunities to make his representations and to elaborate on the arguments he has already put forward today on this matter.

● (1500)

Senator Bonnell: Honourable senators, I do not need to make any more representations. I make my representations to you because you are our voice in the cabinet as federal-provincial minister. If Mr. Wilson were here, I would make my representations to him, but I know you can do it well for me.

I know you must care about the province of Prince Edward Island. Just imagine, if you took 50,000 jobs out of Ontario. I wonder if Mr. Wilson would get away with that. Think of the impact, as one senator mentioned to me today, if he closed General Motors in Ontario. Think of your colleague sitting next to you, who is from right alongside the Summerside air base. He will tell you how important it is. He probably will not tell you aloud, but he will tell you if you whisper to him.

Senator Frith: Come on, Orville, tell him!

Senator Molgat: Whisper!

Senator Bonnell: For many years he represented that area in the House of Commons and spoke strongly on behalf of Summerside. I ask him to speak to you as soon as I sit down, to ask you, on behalf of the people of Prince Edward Island, to see that we get our fair share. We will pay our fair share to reduce the debt, but we do not want to pay everybody's share. We do not want you to ruin the economy of our province. We do not want to have to pay all of this out, leaving Prince Edward Island with no National Defence spending at all. Our soldiers, our airmen and our navy boys were good enough to fight overseas. Surely to goodness, some of those National Defence dollars are good enough to come back to Prince Edward Island, from whence a lot of our good boys fought in our wars and are prepared to do so again.

Senator Murray: Honourable senators, the honourable senator cannot accurately claim that the burden of this expenditure restraint is falling more heavily on one part of the country than on another. Even within the Department of National Defence the bases affected are located in various parts of the country. He mentions Ontario. One of the bases that are closing is near London, Ontario, and the people affected there are responding in the same way, expressing the same regret and making the same representations as the honourable senator is making. Two of the bases are in Nova Scotia and two more are in Manitoba. I think it is more accurate to say that the burden of expenditure restraint is being borne very broadly across the country and that there is not the kind of regional imbalance that the honourable senator suggests.

Senator Bonnell: Honourable senators, I should like to bring one other fact to the attention of the minister. The Minister of Finance says that, just as for those other bases, there will be retraining for some of these people. What are you going to retrain them to do in Prince Edward Island? There is nothing to do except farm or fish; but you have ruined the agricultural industry of the country and you have now ruined the fishing industry. All we have left is an air base. You say you are going to retrain them, but to do what? Why retrain all these people when there are no jobs? There are no mines, no resources, no industries. All we have is four inches of soil, the sea around us and our beautiful land of Green Gables for tourism. You are now taking away the only industry we have, the only thing that brings in extra dollars from the federal government. You are going to retrain them?

Mr. Minister, please go to the Minister of Finance and ask for reconsideration.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—GOVERNMENT COMMITMENT

Hon. Hazen Argue: Honourable senators, I have a question for the Leader of the Government in the Senate. Farmers in western Canada—and I am sure in other parts of Canada—are most anxious to receive the drought payment that has been announced. However, it is not clear in my mind—and I do not think it is clear in the minds of many others—whether the government is fully committed to the total payment, which is something over $800 million on account of the recent drought.

I am not endeavouring to put a controversial question to the minister, but is the commitment of the federal government to payments amounting to something over $800 million dependent in any way upon the provinces coming forward or is the

federal government committed to the $800 million, and then, if they can persuade the provinces to pay part of it, all to the good?

Can the farmers expect more than the $800 million that has been announced?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I thought Mr. Mayer had answered a similar question recently in the House of Commons, but I cannot find the immediate reference. I will have to ask him for a statement on that matter.

Senator Argue: I would appreciate the minister's doing that. I can understand his wishing to clarify the matter with the Minister for Grains and Oilseeds, but that is the very reason I asked the question.

I think it is possible to infer either conclusion. I hope my doubt is not well founded. If the minister can bring us the assurance that the commitment is for the total, no matter who may be paying it, that would be greatly appreciated.

NATIONAL DEFENCE

CLOSURE OF CFB LONDON, ONTARIO—NOTIFICATION

Hon. Charles Turner: Honourable senators, can the Leader of the Government in the Senate inform me and the people of London, Ontario, of the names of the people who were informed that Base London was going to close?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not think the situation with regard to that base is different from the situation with regard to the other bases. I am not aware that there was prior notification of that closure at all.

Senator Turner: I was involved in a fight with the Trudeau government in 1976 and I was prepared to walk across the floor and sit as an independent with the honourable member for Moncton. We will now see if the two government members have the guts to fight this government on the closing of the base in London, Ontario. If I were in the House of Commons, I would be prepared to make the long walk to the other corner of the House. We will see if these guys have any guts.

An Hon. Senator: Make the walk!

Senator Murray: Honourable senators, that option is still open to Senator Turner, if he wishes to sit as an independent.

Senator Olson: What for?

Senator Argue: Which corner?

Senator MacEachen: Would you open the base if he walked?

Senator Murray: Honourable senators, I say to him what I said to Senator Bonnell: the overriding concern was the economic and fiscal imperative to get the national debt under control. That being the case, when it was clear that there would have to be a reduction in projected expenditures by the Department of National Defence, the decision as to which bases would be affected was made according to military and defence priorities. That is the situation.

If the honourable senator wishes to make representations to the effect that, for economic, social or other reasons, the base should be kept open, I appreciate that point, but we faced an overriding fiscal and economic imperative. We acted in consequence. The Department of National Defence then made its decision on the basis of military and defence priorities.

Senator Turner: Well, honourable senators, not one person on the base in London, the commander included, was informed. That is a sleazy way of doing business. My mother was from the same town in which the Minister of Immigration was born and raised. When I was just 12 years of age the blacksmith in that town told me, "Never trust a Tory!" That still stands. First class observation.

Senator MacEachen: A wise blacksmith.

Senator Frith: We never could persuade that blacksmith to run for us.

CLOSURE OF BASES—RESPONSIBILITY FOR DECISIONS

Hon. John B. Stewart: Honourable senators, I have a question following from the questions of Senators Bonnell and Turner. Is the Leader of the Government in the Senate telling the Senate that the decisions as to which bases would be closed were made by the officers in the Department of National Defence? Does he not really mean to say that those decisions were made by the Minister of National Defence? Is that not the position which must be true, given the nature of our system of government?

• (1510)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I agree with the honourable senator's constitutional point, but the honourable senator will appreciate that the Minister of National Defence does not make those decisions in a vacuum and that he would have consulted his civilian advisers and military officers as to defence and military priorities. Of course, my colleague, Mr. McKnight, takes full responsibility for these decisions under our system.

CLOSURE OF BASES—ECONOMIC IMPACT—ROLE OF FEDERAL-PROVINCIAL RELATIONS MINISTER

Hon. Gildas L. Molgat: Honourable senators, my question is for the Leader of the Government in his capacity as Minister of State for Federal-Provincial Relations. My question relates to the closing of military bases and how the minister sees his role in that regard. As far as I am concerned, his role involves ensuring the economic welfare of provinces affected by federal government decisions.

Senator Bonnell has referred to the situation in Summerside, Prince Edward Island. That province has a total population of 125,000, and it has been decided that the military base located in that city will be closed. If you look at my own

[Senator Argue.]

province of Manitoba, a somewhat larger province, there is the planned closure of a base in the small town of Portage La Prairie. In the city of Winnipeg there is to be a decrease in personnel. They are to be transferred to Edmonton.

The minister has said that one has to equalize the problems across the country, but has that been done? Let us look at the province of Ontario. The minister has referred to the base at London. That is simply being moved to another base in Ontario, Base Petawawa. One only has to look at the military establishment in Ontario. There is a great base at Borden, a great base at Petawawa, a substantial establishment in Toronto, a great base at Trenton, a major establishment in Kingston and the environs and an enormous centre here in Ottawa with all the big salaries. But what has happened? And I hate to do this, because it sounds like east versus west and all of the rest of it, but let us be fair. What has happened in Ontario is a move from London to Petawawa. Ontario is not a province experiencing economic difficulties at this time, but in Manitoba and Prince Edward Island there is to be the complete closure of military bases. How can that be judged to be fair?

Is that not something the Minister of State for Federal-Provincial Relations should be consulted on, because he has to work with the provinces? This cannot simply be a decision made by the Minister of National Defence, because there is the whole Canadian picture to look at. Are we going to concentrate everything in Ontario? Should the minister not be involved in those kinds of decisions?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the honourable senator is substituting his judgment for the judgment of the minister and the appropriate officials in the Department of National Defence as to defence and military priorities. That, of course, is fair enough, but perhaps he would like to tell us which bases he would like to see closed in Ontario, whether because of military priorities or because of his concept of regional equity.

As far as my role is concerned, I am a member of the cabinet and, like all other members of the cabinet, I understand what has been done. All ministers have an opportunity to take part in these discussions. All ministers take responsibility for the decisions that are made.

I insist, however, that, as a whole, the expenditure restraint program across departments does not fall heavier on particular regions. It is as well balanced and as broadly based and broadly spread as it could be in the circumstances.

CLOSURE OF BASES—RESPONSIBILITY FOR DECISIONS

Hon. Charles McElman: Honourable senators, on the same subject, could I suggest that the Leader of the Government in the Senate is taking an approach to this which is quite foreign to what has been the practice in Canada during all of these years with respect to military establishments?

First of all, I would dispute what he has just said. The maritime region is taking a disproportionately large and punishing blow under this, as against Ontario, as Senator Molgat has said. For example, Senator Bonnell's concern over Prince Edward Island relates to a 100 per cent cut. The one military establishment on Prince Edward Island is being closed, and that is a killing blow to the city of Summerside, literally a killing blow. I do not need to impress upon the leader's colleague sitting beside him the desperate straits that that will put that community in.

With respect to the location of military bases during war time and since the last war, one of the key factors involved in locations was economic. It was regional.

I remind the leader that only a few years ago under another administration it was decided that Summerside should be closed, and the proposed decision at that time was made on the basis of recommendations by the military. That was the basis for that decision, and it was determined that that was the wrong basis. Yes, indeed, shake your head, but it was determined that that was the wrong basis, and that that had such meaning to the economy of the Island that it should not be simply a military decision.

The leader's suggestion that the government makes a decision as to budgetary necessities and then asks the military to decide where cuts will take place certainly should not be the situation. The military should not have final say on what bases should be closed. Historically, the maritime area has been recognized as an area that would have a larger element of military presence, not on the decision of the military people but on a decision of the Government of Canada.

I suggest that that should be the policy today. The military proposals should be given great consideration; there is no question about that, but the final decision has to rest with the political people who are members of the Government of Canada, and more than budgets have to be the basis for that decision.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I hope I have not suggested the situation is otherwise. I hope I have clarified that in reply to the question put by Senator Stewart. Of course, the final decision is made by the Government of Canada, but in a situation where funds are going to be very scarce the government has a duty to ask the defence, civilian and military experts for their judgment on where the defence and military priorities are.

While regional considerations have played and do play a part in these deliberations, the priority consideration, when it comes to allocating scarce resources in a situation of this kind, must be to the vocation and the mission of the Department of National Defence, which is the defence of the country and associated military considerations.

AGRICULTURE

GRAIN—INITIAL PRICE FOR 1989-90 CROP YEAR—GATT NEGOTIATIONS—INTERNATIONAL GRAIN SUBSIDIES—REQUEST FOR PROGRESS REPORT

Hon. H.A. Olson: Honourable senators, I have another urgent question for the Leader of the Government in the Senate and it has to do with the announced initial prices for grain by the Canadian Wheat Board for 1989-90. The leader will recall, I am sure, that that was reduced in some grades of grain by as much as $40 per tonne, or 20 per cent of the gross of the grain.

• (1520)

I should like the minister either to answer today or to take as notice the question as to why the government felt this enormous reduction was necessary. I should also like him to bear in mind that I asked him some questions about this a few days ago, at which time he gave an undertaking that he would come back with an answer in a day or two.

As far as I know, I have not received the answer yet, and this is the beginning of the planting season in western Canada—in fact, some of the southern regions are well advanced in this area even today—and I think they have a right to know what the government's reasons were for these decisions so they can take that into account when they make their management decisions for 1989. This is important!

Officials of the government expressed optimism as a result of the meeting held in Geneva that the international price subsidy war was over and that the farmers could look forward with some optimism to the situation in the future. Since then the government has announced as much as a $40-per-tonne reduction in the initial price of wheat. We need some explanations. Was that optimism just a bunch of garbage?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Well, I do not understand how the honourable senator can draw a connection between a rather long-term assessment of the situation made by ministers following the Geneva meetings and the shorter-term decision on the initial price. In any case, I will obtain the information that the honourable senator seeks.

With regard to the Geneva meeting, I saw a delayed reply to that question today and I will bring it in tomorrow.

Senator Olson: Honourable senators, the minister knows as well as I do that the cabinet makes the decision as to what the initial prices are going to be—and there are good reasons for that, but I will not explain them now. But at least some time ago, in the past administration, the decision was based on an assessment of what the price or the prospect of the price might be during that selling season—in this case beginning on August 1, 1989, and going to July 31, 1990. Apparently the government feels that it is appropriate to reduce the price by $40 a tonne, or as much as 20 per cent of the initial prices that are being paid in the 1988-89 crop year.

That is why I asked the question, and I really cannot believe that Senator Murray cannot see the relationship between that and the government's assessment, which was based on the observations of the people who were at the Geneva meeting and so on.

[Senator Murray.]

Senator Murray: Well, honourable senators, the optimism that was expressed by the Canadian ministers and others spoke to the prospect of reaching a solution to the problem of subsidies, which has bedevilled international markets for some time.

The honourable senator is drawing a relation between that optimism as to how an essentially political process will turn out and wheat market conditions over the next 12 or 18 months. I simply suggest that there is no logic apparent to me in the connection that he is trying to make.

Senator Olson: Well, honourable senators, what I am talking about is the price. The international subsidy war lowered the price. That was the problem. Then they expressed optimism that that was going to come to an end as a result of the reference to the Geneva meeting from the Uruguay meeting some time ago. But, in absolute contradiction, they reduced the price by $40 a tonne after they had expressed optimism that this problem was going to be resolved.

I have to feel sympathy for the minister if he cannot see the relationship between the two, but perhaps that is an indication of the competence of this government.

Senator Murray: Honourable senators, I think the honourable senator is drawing a rather long bow and is trying to make political points out of whatever straw is available.

Senator Olson: Ask Barootes; he can see the relationship!

Senator Frith: And hitting a bull's-eye with every stroke!

Senator Murray: Let me, therefore, simply anticipate the Delayed Answers period and read the reply that has been prepared by the department to the honourable senator's question of April 18.

A key element of the package agreed to in Geneva is a negotiating framework for the liberalization of international agricultural trade and a progressive reduction of trade distorting support measures. The negotiating framework is a blueprint for negotiations. It is intended to lead to the establishment of a fair and market-oriented agricultural trading system, with the ground rules applying to all trading countries. A work program has been agreed to which calls for a definition of and possible use of an aggregate measure of support, including decoupled income support, tariffication, and health and sanitary measures. A commitment was made to implement the first transition of the long-term reforms in 1991.

Senator Olson: That is after 1990!

Senator Murray: Agreement was also reached in Geneva on some short-term political commitments. They will remain in effect from now until the completion of agricultural negotiations in December 1990. The short-term agreement provides that current support and protection levels in the agricultural sector will not be increased during the period of the negotiations. This means that countries will not change policies in a manner that would further restrict access to markets, raise internal levels of support or increase export subsidies. Coun-

tries further agreed to examine, by October 1989, the possibility of reducing support and protection levels for 1990.

As the honourable member requested, I am happy to table an elaborative comment with respect to the foregoing from the Minister of State for Grains and Oilseeds with particular reference to the grains and oilseeds sector.

The honourable senator is attempting to infer that because of the progress that was made—

Senator Frith: Implied! Implied!

Senator Murray: —in Geneva on this matter, that somehow the Canadian government would have been justified in a higher initial payment than is the case; and, as I say, he is drawing a connection between the long-term political process and an immediate decision that I do not believe is really logical.

Senator Olson: Well, honourable senators, I hope the minister will take as notice my question as to why the Canadian government decided to reduce prices by as much as $40 a tonne below the payment that is being made now—and they are going to make that reduction on August 1, 1989. See how that squares with this optimism that he is talking about!

Senator Murray: I wish the honourable senator had asked that question in the first place. I would have sent out for a reply to it. Instead, he enveloped it in a lot of—

An Hon. Senator: Ritual.

Senator Murray: —unnecessary rhetoric having to do with an entirely different situation.

Senator Olson: It is the same thing.

NATIONAL DEFENCE

CLOSURE OF BASES—ALTERNATIVE ECONOMIC DEVELOPMENT

Hon. Joyce Fairbairn: Honourable senators, I should like to ask the Leader of the Government in the Senate a question going back to the base closures. Could he tell us whether the government has any plan or program to facilitate or direct new development or new industry into the areas where these bases have been closed down, particularly in areas such as Prince Edward Island?

• (1530)

We heard from the Minister of National Defence on television this morning that perhaps there was a hope of some kind that a private sector pilot training program might be directed into the area of Portage. Is there any kind of plan to do this sort of thing with other bases?

Surely it could not be that one of the overriding imperatives of the Budget is to take away jobs in areas where there are no alternate means of employment, particularly when the government is pulling out of the unemployment insurance program.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I could provide quite an impressive list of the programs and policies that are now in place and that could be brought to bear on situations, such as that which the honourable senator has described, whether in Portage or Summerside. Not only are there regional agencies but there are programs under Employment and Immigration Canada and so forth. In addition, a variety of adjustment programs can, and, I am sure, will, be brought into play in these situations.

Senator Olson: Are you going to privatize National Defence or just abolish it?

AGRICULTURE

GRAIN FARMERS—REDUCTIONS IN FINANCIAL ASSISTANCE—NATURE OF CONSULTATIVE PROCESS

Hon. Hazen Argue: Honourable senators, the minister may be in a hurry to leave, but I have a question for him. As we all know, a number of cuts have been made to various votes, grants and legislative moneys for grain farmers, particularly the grain farmers of western Canada.

My question to the minister is this: Can he inform the house as to what the consultative process was prior to these conclusions being made and prior to the announcement of the Budget? Can the minister say whether the premiers were consulted, whether they were informed of what was happening or whether their views were sought?

It seems to me that this was such a major departure for a government that has paid substantial subsidies to grain producers in trouble over the last three or four years that it is difficult to understand the process that should lead to such drastic cuts in so many areas.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do contest the statement of the honourable senator that there have been drastic cuts in the area of agriculture. I think I could demonstrate the contrary, and perhaps we will have an opportunity to do so in the debate.

As far as the consultative process is concerned, I will endeavour to obtain a report on that matter from the minister.

Senator Argue: Is the minister aware of any consultations having taken place?

Senator Murray: As I have told the honourable senator, I will endeavour to obtain a report on that matter from the minister.

TRANSPORT

NEWFOUNDLAND—WITHDRAWAL OF AIR CANADA SERVICE FROM STEPHENVILLE—INQUIRY STANDS

On Inquiry No. 1 by the Honourable Senator Marshall:

That he will call the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989.

Hon. Jack Marshall: Honourable senators, I wonder if I could obtain unanimous consent to allow other senators to proceed with their inquiries. Then, time permitting, I will proceed with mine. I ask that I be called later.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Inquiry stands.

[*Translation*]

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—DEBATE ADJOURNED

Hon. Paul David rose pursuant to his notice of April 5, 1989:

> That he will call the attention of the Senate to research on the evolution of health care costs in Canada and its consequences and to the need to establish a committee or subcommittee to examine the question.

He said: Honourable senators, I am pleased to present you with the results of a study done by Mrs. Mary Colbran Smith with the help of a research grant approved by the Committee on Internal Economy, Budgets and Administration. I am especially grateful to my colleague, Senator Barootes, for having suggested that devoted and competent researcher who helped me reach my goal.

I would be happy to send copies of that 37-page document written in English upon request.

The study is divided in two sections: the history of the Canadian health program and the evolution of total health costs in Canada from 1975 to 1985. I will add to that objective study my personal subjective comments expressing my concerns about the current status of our health system.

Honourable senators, the evolution of the national health insurance system and its funding will be briefly summarized.

Since health is a provincial jurisdiction, insurance programs are cost-shared and involve intense negotiations between the federal government and the provinces. There have been four major stages in the development of the Canadian health care system.

The first stage was the establishment in 1957 of an insurance scheme covering the cost of a hospital stay and of diagnostic services.

The second stage followed the recommandations of a Royal Commission on Health Services chaired by Judge Emmett Hall. The medical insurance program became law in 1967. It funded doctors' fees and introduced national standards: universality, comprehensiveness, accessibility, transferability and program management by an agency appointed by each provincial government.

Cost-sharing between the two levels of government has remained stable at about 50 per cent, even though the terms changed in 1977, 1982 and 1986.

Finally, the 1984 Canada Health Act combined previous laws after a second enquiry by Judge Hall who condemned two growing irritants in several provinces: extra-billing by doctors and user fees imposed by the provinces in their own establishments.

Honourable senators, our research made it possible to put figures on the trend in health outlays from 1975 to 1985.

Over-all health expenditures increased from $12.239 billion in 1975 to $39.783 billion in 1985, up 225 per cent. On a per capita basis, $539 in 1975 against $1,568 in 1985, or 191 per cent more. One interesting fact is that in American dollars each US resident represented expenditures of $590 and $1,721 in 1975 and 1985 respectively, an increase of 192 per cent, the same as in Canada.

To better understand this seemingly skyrocketing cost increase, we redid our calculations while taking into account the consumer price index over that ten-year period. In constant dollars, that is without allowing for inflation, the $12 billion in 1975 would have amounted to $18 billion in 1985, or a real cost increase of 50 per cent in ten years. The 1975 $539 per capita cost would have been $723 in 1985, up 94 per cent. These cost increases are much less spectacular than the constant dollar figures that are usually quoted. Nevertheless, the increases are roughly 5 per cent a year more than the consumer price index for total outlays and about 3 per cent more than the per capita figures.

Another approach to over-all health expenditures in Canada is to look at them in terms of gross national product percentage trend: 7.2 per cent in 1975 to 8.6 per cent in 1985.

Hon. Philippe Deane Gigantès: What about the United States?

Senator David: I did not have that information in my brief but I will get it to you later.

We then compared health expenditures as a percentage of the gross domestic product in industrialized nations. In 1984, not in 1985, Canada with a rate of 8.4 per cent ranked fourth after the United States at 10.7 per cent, Sweden at 9.4 per cent, and France at 9.1 per cent. The lowest rates were recorded by Britain with 5.9 per cent, Japan with 6.6 per cent, Italy with 7.2 per cent, and West Germany with 8.1 per cent.

Health expenditures fall under seven categories. Hospitals rank first with 44.5 per cent and 40.4 per cent of expenditures in 1975 and 1985 respectively, followed by physicians' fees which remained stable at 15.87 per cent. Other health institutions went from 9.8 per cent to 11.3 per cent, and prescription drugs from 8.9 per cent to 10.2 per cent. In 1985 these four categories accounted for almost 80 per cent—78.9 per cent to be exact—of expenditures against 77.6 per cent in 1985. Therefore no significant trend in cost distribution can be noted.

Over the same period the rate of participation in health expenses by the three main partners—the central government, the provincial governments, and non-government contributions, or health costs paid by individuals—remained stable.

In fact, in 1975, the federal contribution was 31.1 per cent, that of the provinces 43.1 per cent and the cost borne by individuals, 23.8 per cent. In 1985, the percentages were

sensibly the same at 32 per cent, 40.8 per cent and 24.4 per cent.

It is interesting to note that all along our study the percentages spent for four service sectors by all governments in Canada varied as follows: health, from 12.5 per cent to 12.4 per cent; education, from 14.8 per cent to 12.9 per cent; social programs, from 22.5 per cent to 24.2 per cent; debt servicing, from 8.0 per cent to 12.5 per cent.

In 1975, those four sectors represented 57.8 per cent of all spendings and ten years later, they represent 62 per cent, a substantial rise due to social programs and especially to servicing the debt.

Honourable senators, here are the results of our objective study:

First, the research has demonstrated that Medicare has graduallly progressed between 1957 and 1984 to become a universal system that is free, universal, open to the public and rather well controlled economically.

Second, in current dollars, spending has grown very considerably, giving the impression that health costs are more and more out of control, representing a bottomless pit for our economy.

Hon. Royce Frith (Deputy Leader of the Opposition): What term have you used?

Senator David: A bottomless pit, a precipice.

Senator Frith: It is not a matter of translation, I understand, thank you for the translation.

Senator David: Third, per capita health expenditures in Canada and the United States have been following a parallel curve but it is to be noted that those expenditures in American dollar terms are higher in the United States and their percentage of the Gross National Product also are higher down South. To that extent, our public universal system compares favourably with the American system.

Fourth, our system's costs as a percentage of the Gross Domestic Product rank fourth among our major industrialized partners, which in itself is an excellent record for Canada and the provinces who administer the system.

Fifth, when analyzed in constant dollar terms the growth of those expenditures really becomes much less dramatic. The prediction is for an acceleration of those additional costs for two main reasons—population aging and the use of increasingly sophisticated scientific and technological discoveries.

Sixth, we know that in 1981 senior citizens accounted for 10 per cent of the overall population and were responsible for 40 per cent of health expenditures. In 1986, that group accounted for 10.5 per cent of the population and demographers predict they will reach 13 per cent in the year 2001 and 18 per cent in 2021. A commensurate increase in health care costs is to be anticipated.

Seventh, new developments will continue to occur in medicine, the use of which will lead to the purchase of new instrumentation, more efficient drugs and more costly operations. Also, the benefits of prevention and the correction of certain, well-identified risk factors will have a favourable impact not only in terms of cost avoidance but above all the quality of life of a healthier aging population. An unfavourable factor will remain the emergence of new illnesses. AIDS, for instance, already has taken significant proportions and its prevention, treatment and eventual cure will require heavy extra financial resources.

Honourable senators, at the conclusion of this review, it can be stated that in view of the aging population and rapid progress in medicine, cost increases in the Canadian health care system remained within reasonable limits. On the other hand, we may wonder whether the system's goals have been met with equal success.

To be realistic I must express doubts as to that, and stress a multiplicity of problems that probably point to a crisis, the effects of which will become increasingly visible and unbearable to the ill and the general public. I will limit my comments to sharing my observations and concerns.

Based on the figures in this study, and assuming an unchanged rate of growth for expenditures (4 per cent inflation rate and a 4 point overshoot), it can be assumed that health costs for 1989-90 will probably reach $54 billion.

In view of the fact that the federal and provincial governments are carrying a huge debt, it is likely that greater cuts will take place in an effort to control health costs. We have seen that hospitals and health establishments represent over 50 per cent of the costs incurred within the system. This sector which has been exposed for the past several years to budget restrictions will become increasingly more vulnerable. The congestion of emergency rooms, the lengthening of waiting lists, the closing of wards and the outdated equipment are clear evidence that the operation of our short term care hospitals is inefficient.

If I may, honourable senators, I should like to comment further on these findings.

The congestion of our emergency services is particularly acute in our major centres. The main reason for this congestion is the high percentage of beds in our short term care hospitals which are occupied by chronic care and older patients whose hospitalization may last for months and sometimes years. Let us imagine that such a percentage is 15 per cent (a conservative figure) and that an average length of hospitalization for these sick people is six months; which means that out of every hundred beds in a short term care hospital, fifteen are used by 30 patients which normally could accommodate 540 patients over an average stay of ten days (a high figure for short term care).

The lengthening of waiting lists for elective and exploratory surgery or specialized diagnostic procedures jeopardizes the health of a great many patients. While they are faced with extremely long waiting periods, their conditions worsen. Should a deterioration or complication occur, these patients end up in an emergency service and contribute to the chronic congestion we have just mentioned. The solution is therefore

that of the emergency itself and is due to the fact that there are not enough short term care beds available.

The two problems we have just emphasized are intensified by the closing of active wards for increasingly longer periods during the Summer holidays, the Christmas and New Year holidays, the Easter holidays and sometimes during the year for periods of unlimited duration.

Another unpleasant finding in the short term care hospitals is the increasingly evident aging of medical equipment and instruments, the impossibility to replace them at a rate consistent with their use with similar tools which incorporate the rapid progress of modern technology. I feel that adequate medical equipment is an essential component of any modern hospital. It contributes to the precision of diagnosis and treatment. It becomes a key element of the quality of our hospital system.

The four problems I have just briefly summarized are of very great importance.

The congestion of emergency services with patients on stretchers waiting for beds is an inhuman, sad, disconcerting and odious spectacle in a society such as ours. The patients thus hospitalized in excess number in passage ways, small rooms, improvised corners are packed solid. Sometimes the only privacy is that provided by a screen and the only means of communication is a bell. Day and night, they must endure the comings and goings of a dedicated yet often insufficient staff, the constant lighting, the inevitable noise and primitive sanitary conditions. Because of lack of space, the family is absent and, in any case, a loved one can barely stand this atmosphere for any length of time. Is it logical or acceptable that very sick people whose condition is precarious and whose prognosis is uncertain, should be kept waiting for days on end in a place rendered totally inhospitable by monstrous overcrowding and unworthy of a civilized hospital in an industrialized country?

Is it logical or acceptable that patients should be put on a waiting list for months for diseases that are stable at the time of the physical examination, but whose evolution can lead to rapid deterioration, serious complications and sometimes sudden death? As a case in point, the diagnosis of a coronary disease is fraught with prognostic uncertainties. When a doctor prescribes a coronary angiography (cardiac catheterization), an angioplasty (instrumental dilation of the diseased artery) or an aortocoronary bypass (cardiac surgery), is it conceivable that the patient should, at great risk, wait months before getting admitted to the hospital?

Is it logical and acceptable to use obsolete equipment which can distort the interpretation of the diagnosis or break down when needed or simply become unusable.

Honourable senators, these problems have a common denominator which is insufficient funding for hospitals. Such a statement is all the more provocative since the Canadian health system is regularly described as the best in the world. It is comforting to explain these deficiencies by the unfair distribution of financial resources between the federal and provincial governments, inadequate planning, struggles for power and prestige, abuses by the public and the medical profession, overuse of technological developments, incomplete rationalization, and so on. Personally, I think we may not have the financial means to subsidize the "ideal system" which we have so generously put in place.

Let me substantiate these allegations by going over once more the problems I mentioned earlier. In order to accommodate the chronically-ill and older patients in short-term care hospitals, we will have to build new hospitals for these types of patients. It is estimated that in a city like Montreal, 1,000 beds would immediately be needed. If that is right, why have we been discussing this issue for years and why don't we readily agree to make the necessary investment?

The beds thus made available to patients in emergency wards and on waiting lists will cost a lot more since each bed will be used by about 36 patients whose health and surgical needs would mean additional expenses not included in the already too expensive budgets of short-term care hospitals.

Congestion in emergency wards will be over and waiting lists will shorten only if those beds are occupied all year round, and we will no longer be forced to close down beds, as seems to be the rule these days. And if we are forced to close down beds, it is because we don't have the necessary funds we need.

New equipment entails significant expenses. Most hospitals have already established foundations to help pay for the capital expenditures normally incurred by the health care system.

I think that this information shows it is vital that we should invest without any further delay if we are to deal with the needs of patients who are now suffering from lack of resources in many short-term care hospitals.

Honourable senators, it seems that recruiting all the nursing staff needed in hospitals is another problem which is becoming more alarming every day. Nursing, where women are predominant since their proportion varies between 90 and 95 per cent, does not attract as many candidates as it used to, mainly because women can find better working conditions and more money in other fields. We urgently need a change in attitude and new values when the time comes to negotiate salaries in keeping with all the responsibilities given to the nursing staff nowadays. I cannot see how we can find a workable solution to this urgent problem without agreeing to significant salary increases.

My last series of questions concerns universality, a subject so controversial I hardly dare speak about it. We may not be daring or courageous enough to make a calm, realistic, objective and hopefully fruitful analysis of it.

We all agree, on the principle itself, that the system is generous, fair and popular. It is probably because it is universally free that our system is considered as the best in the world. On the other hand, the financial cost of this free system is tremendous. The fundamental question we must ask ourselves very sincerely is whether we still have the financial means to maintain the quality and quantity of the services that are offered free.

Honourable senators, the clear feeling I get from research and my personal reflections is that we must think out a new financial balance to respect fully the commitments of the system we have built since 1960.

To that end, we recommend that a committee or sub-committee be created to review, in co-operation with the provinces, the concerned agencies and the public, all the advantages and disadvantages of the present system and to make proposals in accordance with the needs of the sick and our financial resources.

Senator Gigantès: Honourable senators, I thank Senator David for his excellent speech which reflects great wisdom and gives us a lot of information.

I should like to take him up on his offer and ask him for a copy of the document to which he referred earlier. After reading this document I might want to ask him a few questions concerning his remarks. I think his words were of great help to us and enlightened us on an issue which deserves to be clarified. Thank you.

Hon. Pierre De Bané: Honourable senators, government-assisted health care financing is over thirty years old. The Canadian government's contribution to the provinces during those years helped raise the quality of our health care system to a very high level and made it one of the best in the world.

This government assistance has helped to establish an excellent system across this country that is accessible to all Canadians without regard for their financial circumstances.

However, there is a growing awareness that the system is facing increasingly acute problems. I think the speech by Senator, or should I say Dr. Paul David, one of the most eminent physicians in this country, has put the finger on these shortcomings. I would like to mention a few. Costs are increasing rapidly. Access to certain types of medical care is becoming increasingly difficult. Delays and postponed admissions to many specialized hospitals cause suffering, and there are claims that in some cases, the delay has contributed to the deaths of certain patients. Another problem is aging hospital inventory and equipment and inadequate funds for repairs and renewal. Another problem is that the needs of certain groups such as the elderly and the disabled are not dealt with satisfactorily. Budget restrictions tend to delay the introduction of new technologies and new treatment systems. Finally, in some parts of the country there is an urgent need for nurses and doctors.

Unfortunately, honourable senators, the way financial difficulties are resolved will have an impact on our health care system. Setting up a modern health care delivery system is a very complex and difficult matter. All proposals for change must be carefully analysed, and the parties concerned must be heard before any changes can be initiated.

The Canadian government has played a leading role in developing a modern health care delivery system in Canada. I also believe it should take the initiative at a time when that system is being challenged, to preserve the high quality of our health care and keep the system accessible to all Canadians.

Our present system goes back thirty years, to when the Liberal Party was in power. Successive governments saw it as their mission to establish a free health care system and subsequently eliminate all competition and provide for a state monopoly in this area. It was argued that this monopoly would guarantee access to the system and maintain its high quality.

Initially, during the 60's when the system's financing was not a problem, the new plan was a considerable step forward. Institutions across the country met uniform standards, specialized services increased and there was considerable activity in professional training and research.

However, with the economic problems of the 70's and 80's, the system is again showing signs of deterioration. The quality standards have started to go down to the point where basic needs such as hospital admissions are increasingly difficult to meet, and where the delay in receiving health care services or the deterioration of those services cause suffering and even death.

I say to my Liberal colleagues that, even though health care delivery is primarily under provincial jurisdiction, the Liberal governments wanted to set very high standards for these programs. It seems that what they left us is threatened by events and problems that could not be foreseen 30 years ago.

We must reiterate the objectives of former Liberal governments for an accessible quality health care system, which is what they wanted to create. Conversely, if the system deteriorates to the point where there are two levels of health care services, one of which requires that richer Canadians go to the United States to receive treatment there, then the Liberal Party will be blamed for having initiated a policy that will ultimately lead to the deterioration of our health care system.

As for the senators on the government side, and I agree with Senator David who recommended that they should encourage the consideration of this matter, especially since their party has not been running the affairs of the country for most of the last 30 years. The Conservative government has already promised not to challenge the principle of accessibility. Indeed, the system started to show some signs of deterioration since the Conservatives came into office, and I do not want to imply that it is their fault. Therefore, it is the responsibility of the Conservatives as much as the Liberals to participate actively in the determination of the necessary adjustments.

Honourable senators, it is imperative that this matter be considered, and a Senate committee would be the ideal forum for doing so. The health care policy is a delicate and explosive matter and I am not sure that it could be considered as calmly as it should in the other house of Parliament.

The problems and shortcomings of the system are now quite obvious to those who want to see them. For example, the limits of the financial resources of all levels of government are particularly acute, the morale of those working in our health care system is very low and has been for several years, to the extent that there is a serious lack of medical personnel and some of our most eminent physicians leave for the United States.

Public access to the health care system is not only threatened, but it is already more restricted and difficult. Health care institutions are deteriorating and technological improvements are not integrated as they become available. Funds for professional training and research are increasingly scarce.

As the political debate becomes more and more heated, it becomes difficult to find out what the real situation is and the measures announced by governments seem desperate. The rapid escalation of the crisis prevents a thorough, systematic study and Senator David gave us figures on the skyrocketing costs of health services. There is a great danger that measures to correct the deficiencies will be adopted hastily, without considering the whole situation.

In summary, it is urgent for the Parliament of Canada to conduct a thorough review of our whole health care system. Indeed, deficiencies can be noticed in all provinces. The Canadian government's original idea was to establish a portable universal system with uniform quality standards throughout the country.

I feel that a Senate committee would be the ideal forum to study this question; we are a more impartial, less partisan body with a long-term perspective. There is also, may I point out, a pool of talent among us—eminent physicians like Dr. David and others, former federal and provincial Ministers of Health, women and men who have been elected and re-elected by the people, former Ministers of the Crown. In short, we have a pool of talent to study the question competently and thoroughly, to make appropriate recommendations reflecting today's realities.

Let me describe for you some of the elements of this health system which is in a state of crisis. I will start with financing:

First of all, health care needs have increased so much over the years that some provincial governments devote to them today one third of their budgets, and this is still not enough. I am sure that the figures quoted by Dr. David are true and show how substantially the costs have increased, even taking inflation into account and speaking in constant dollars.

Second, the hospitals everywhere in Canada are faced with the dilemma of either exceeding their budgets or closing beds, if not entire wards in their institution.

Third, the budget cuts threaten the health care standards, the progress in medical treatments and the system accessibility.

I know a number of patients who have been waiting for months to be hospitalized.

Fourth, the surgery and general administration costs are no longer under control. There is hardly any money for capital investments or even maintenance as well as for the repair of existing facilities and technological equipment in use.

Finally, the Canadian Health Care Act of 1984 prohibits any collection of users fees.

Second symptom, the losses and wastes:

First, theoretically speaking, a large part of our health services in Canada has no limitation. There is therefore hardly any control over the costs. The users and the workers within the system are not aware of the costs. It is through persuasion or, which is worse, through uniform reduction in all the hospitals that abuses are ended.

Second, the system overhead is high and the administrators' accountability to the public is non-existent.

Third, the lack of long term planning is a major cause of waste. The crisis management, generally a very expensive method, seems to be the provincial departments' response to the health problem.

Accessibility is the major issue which Senator David dealt with.

Firstly, patients generally experience little difficulty in obtaining first level health care. On the other hand, they experience much more difficulty when they try to have access to second and third level health care services. Practically speaking, this means that the patient who enjoys good health, does not face undue delay in obtaining the adequate treatment. On the other hand, if the patient is faced with serious health problems, the treatment he needs is provided in specialized institutions with limited budgets. The access to these institutions becomes increasingly difficult and the delays result for the patients in anxiety and distress, and sometines death.

Second, distant regions have difficulty recruiting health care personnel. One of the reasons—certainly not the only one—is the fact that there is no adequate supplementary benefits for those who would be willing to move there.

Third—and this is a question—can the federal and provincial governments, after having promised high quality health services, now offer services which are deteriorating slowly, while forbidding the population access to alternative methods? Are the Canadian people prepared to accept a more stringent rationing of health services?

• (1610)

[*English*]

Fourthly, the Canada Health Act promised equal access to all and was designed to prohibit a two-tier system. If access to medical care remains a problem, there will be more and more instances of patients who have the means seeking treatment in the United States.

Another problem is manpower. The most urgent problems in the system are in this area. The morale of health care workers is very low at present.

With respect to the nursing profession, the shortage of registered nurses is a worldwide crisis, which has also become acute here in Canada. We all know of other countries and people who come here to hire our nurses. There is a worldwide shortage. There is a need for an impartial study of the changing role of the nursing profession to address the problems of salaries, unionization, levels of education and responsibility and work schedules and roles in the planning processes in hospitals and in ministries of health.

Similarly, the roles of other workers in the health care system need to be studied and assessed—paramedical workers, workers in homes or in institutions for the handicapped.

The medical profession is in crisis:

Prominant physicians are leaving the country.

Arrangements of payments to physicians are in flux.

Normal bargaining practices are abandoned by governments in contract negotiations with physicians.

The self-governance of the profession is threatened.

The independence of the profession in deciding treatment is threatened.

The increasing incidence of legal action is determining treatment.

Licensing a physician is becoming politically determined. Freedom to practise is threatened.

The profession is not included in the planning process of the ministry.

Many ministries of health in Canada have taken a confrontational attitude towards the medical profession.

● (1620)

Finally, some provincial governments seek to limit health costs by controlling the supply of health care workers. No widely accepted studies have been made on the numbers of positions that exist or the number of health care workers needed in the system.

Provincial governments have attempted to control the numbers of students in nursing programs, with disastrous effects. Controls already in place and proposed for numbers of physicians are controversial.

Honourable senators, I now turn to the subject of epidemiology.

Firstly, the medical needs of the country have changed radically in the last 50 years. Modern medicine can improve the quality of life, but not without expense. Many diseases which at one time killed, maimed or disabled large sections of the population have now disappeared or are curable or under control. Curing and controlling these diseases entails expense: vaccination, drug therapy or surgery. Remaining incurable diseases, such as kidney disease, heart disease and some forms of cancer, can sometimes be controlled by therapy.

The public expects to be treated with the most modern and effective methods possible.

However, there are controversial treatments and moral dilemmas in the availability of modern therapies. Ethics, emotion and cost effectiveness come into conflict in some of these more extreme instances.

Secondly, the success of modern medical care has increased life expectancy. The developed world is thus facing a new crisis, that of coping with an expanding percentage of the population that is aging. Health service for this aging population will be costly. No amount of preventive medicine will compensate for the deterioration of the body which occurs in old age and which can be addressed by modern medical treatment.

Honourable senators, on the subject of technology, I would first point out that modern technological developments have revolutionized medical treatment. The public has grown to expect the best means of diagnosis and therapy available.

Secondly, the development of new methods of treatment is often initially costly but proves, in many cases, to be cost effective over time. Canada is lagging behind other developed countries in its implementation of new technological methods of treatment. Lack of funding for new developments will prolong outmoded treatment and will hold back medical scientific development with resultant negative effects on the health of the population, on the position of Canada as a medically developed country and on medical education.

Thirdly, cost-cutting controls which inhibit the development and use of new technology will erode the quality of care in the short run and will be expensive in the long run.

Honourable senators, in terms of bureaucracy, I would point out that the administrative costs of a centrally controlled system are high and are escalating. New cost-cutting measures proposed by government usually entail higher administrative costs. In the typical pattern of western governments in the 20th century, funds are removed from activity to be moved to supervision of activity. There is little public scrutiny possible for these expenditures.

Honourable senators, with government control over most of our health care, long-term planning has become imperative. Government planning has mainly been in the area of budgeting and, latterly, cost containment. There is little cooperation in the planning process with health care professionals.

Finally, I turn to standards and rationing of medical care. In the past economic status could often determine the quality of and access to medical care. Now, with access nominally equal, but with decreasing resources, standards are declining and access decreasing. The latter quickly becomes an urgent public issue, but the former is slower to become evident to the layman.

Honourable senators, if health care is to be rationed, who will make that decision?

[*Translation*]

For all these reasons, honourable senators, I think that the suggestion of my colleague, Senator Paul David, one of our most eminent physicians, should be implemented as soon as possible.

Senator Gigantès: Honourable senators, I wish to congratulate Senator De Bané and also to apologize for having requested adjournment of the debate. I did not see that he intended to speak. So I ask honourable senators to agree to adjourn this debate in my name.

[*English*]

Hon. Brenda M. Robertson: If I may interject, I should like to ask the honourable senator if he intends to speak to this in the next few days.

Senator Gigantès: Honourable senators, as soon as I have a copy of Senator David's speech I will speak. I expect that that will be on either Thursday or next Monday, but no later.

Senator Robertson: I would point out that I, too, want to participate in this debate.

Senator Gigantès: Senator David did offer to make the statistics available, and I would point out that one cannot just listen to statistics, one has to consider them.

Senator Frith: I am sure Senator Gigantès would yield to anyone who wished to speak.

Senator Gigantès: I will certainly yield to anyone who wishes to speak before I am ready.

On motion of Senator Gigantès, debate adjourned.

NATIONAL SECURITY

BUS HIJACKING—DEBATE ADJOURNED

Hon. William M. Kelly rose pursuant to notice of April 18, 1989:

> That he will call the attention of the Senate to the hijacking incident that occurred in Ottawa on Friday, April 7, 1989.

He said: Honourable senators will know of my interest in the subject of terrorism and the extent to which we in Canada are prepared to respond to terrorism and terrorist incidents. You will appreciate, therefore, my particular interest in the bus hijacking incident that occurred here on Friday, April 7.

With your permission, honourable senators, I should like to review that incident briefly, perhaps point out some flaws that surfaced, and then put the incident in the context of some of the findings and recommendations of the Senate Special Committee on Terrorism and Public Safety that reported in July of 1987.

Honourable senators, what I have to say has been gleaned from informal discussions of the incident with several government officials and police officers, from media reports and, obviously, from my own reflections. Obviously, we have to bear in mind that the incident is currently being examined by RCMP Commissioner Inkster in consultation with his counterparts in Quebec and the Ottawa Police Force to establish the facts and what actually transpired.

Let me briefly recapitualte the events of that Friday in order to set the context. At 11.45 a.m. a Greyhound bus with 11 passengers left Montreal on its regularly-scheduled trip to New York City. At about 12.15 p.m. the bus stopped at the toll booth at Montreal's Champlain Bridge. A man left his seat on the bus and pulled a gun on the driver. Another man was ordered off the bus with the admonition: "Get off or I'll blow the bus up." The man left the bus and reported to a Canada Ports official.

There, perhaps, is where the first slip-up occurred. Canada Ports, a federal crown corporation, informed the Sûreté du Québec, but apparently did not inform the RCMP, and one must ask why. Part of the reason is that, on evidence available at the time, the Sûreté had no indication that this was anything but a local incident. It is only with the benefit of hindsight that that perception appears questionable.

According to an interview published in the *Toronto Star* on Saturday, April 8, the Sûreté claims that at 12.30 p.m. it informed the Montreal detachment of the RCMP and put the information into CRPQ, the Centre de Renseignement Policier du Québec. It appears from available evidence that the Sûreté did inform the RCMP, but did so through a communications hook-up designed primarily for administration, research and motor vehicle inquiries. The Sûreté has no direct interface with CPIC, the Canadian Police Information Centre, and the Sûreté did not flag the information provided to the RCMP as something that should immediately be transferred into CPIC.

• (1630)

So here again, with the benefit of hindsight, is where we see that a second slip-up occurred, due not to incompetence, bad faith or a communications failure but to the fact that there is no direct, ongoing link between CPIC, the national police information system operated by the RCMP, and the CRPQ, which in Quebec is analogous to CPIC.

The Sûreté did, however, send a vague warning to the Vermont police and to U.S. Immigration. No warning was sent to the OPP.

For about two hours the bus appeared to have vanished. It did not surface again until it actually arrived on Parliament Hill, having crossed the Quebec border, traversed the streets of Ottawa and collided with a House of Commons bus. A woman left the Greyhound bus with a note indicating that an armed man was holding hostages in the bus. Two shots were apparently fired from the bus at that time.

Shortly thereafter the bus started to move around Parliament Hill and stopped for a time immediately in front of the Peace Tower. RCMP officers had now surrounded the bus and were following its movements.

At about 2.45 p.m. the bus drove onto the lawn in front of the Centre Block and just to the east of the West Block. The bus became mired, was immediately blocked by RCMP vehicles and contact was established with the hostage taker.

By this time a command post of RCMP and Ottawa police officers had been set up in the West Block, and the crisis management centre in the Department of the Solicitor General, now called the National Security Coordination Centre, had kicked into operation. Ottawa police had also assumed responsibility for crowd control off Parliament Hill.

At 3.15 p.m. another shot was fired from the bus, this one in the general direction of the U.S. embassy—and I am sure it was not on purpose, but it was in the direction of my office as well. I was not there.

At 5.10 p.m. another hostage was released with a note for the police. The note indicated that the hostage taker was concerned about the lack of public and governmental attention to Syrian intervention in Lebanon and claimed he was acting on behalf of an unknown Christian Lebanese group.

At 5.30 p.m., with darkness threathening, flood-lights were brought in and a telephone line was connected to the bus.

Around 6.30 p.m. activity in the bus increased and the hostages were moved towards the front.

At 7.30 p.m. another hostage was released.

At 7.50 p.m. the bus driver was released.

At 8 p.m. the remaining hostages and the hostage taker left the bus. The bus was then searched for evidence and for any booby traps.

On Saturday morning an individual was charged by the Ottawa Police Force.

Honourable senators, in its report the Senate special committee had two overriding concerns about our ability or readiness to respond to incidents such as this. Our first concern was the ability of the federal government to coordinate the range of federal departments and agencies that would or could be involved in an incident, in order to respond effectively. Our second concern was the ability of the RCMP, the provincial and local police forces to communicate and coordinate their activities, also in order to respond effectively.

The government has not responded publicly or officially to any of the findings and recommendations of the committee. I do understand that work has gone on, internal to the government, and certain actions have been taken, but there has been no comprehensive or specific public response. In fact, much of the response has yet to receive ministerial approval. I am almost sure that most senators, especially my colleagues on the committee, would appreciate being informed of how the recommendations have been or are being addressed by the government. However, in the absence of such information, we can only judge the extent of improvements by the response to the incident. When placed in that context, Friday's incident presents both good news and bad news.

The good news is that, once the incident landed on Parliament Hill, the RCMP responded quickly and effectively. The fact that the matter was resolved quickly and without bloodshed or significant property damage is of great credit to the RCMP, which deserves our congratulations and our gratitude.

It also appears that the Canadian Security Intelligence Service, CSIS, responded well. CSIS was able to provide the police and government officials with intelligence on the individual concerned and the supposed group he claimed to represent. So the federal crisis management structure worked.

So, too, it appears, did coordination with the Ottawa Police Force work. Senators may recall that RCMP-Ottawa Police Force cooperation has been problematic in certain previous incidents, particularly the hostage taking at the Bahamian High Commission in 1986. In this case it was a joint operation, as provided for in the RCMP-Ottawa Police agreement under the Security Offences Act, and from all indications it worked well.

While the RCMP took the initiative and ran the negotiations with the hostage taker, the Ottawa Police Force took responsibility for containing the outer area, had a senior officer on site liaising with the RCMP, had an investigative team and a SWAT team on standby at headquarters to assist the RCMP, if required.

Honourable senators might well ask what would have happened had the incident moved off Parliament Hill on to the streets of Ottawa. Would responsibility have moved from the RCMP to the Ottawa Police?

This was an issue that concerned the Senate committee, because at that time it appeared that responsibility would have moved from jurisdiction to jurisdiction, with obvious and considerable potential for breakdowns. Senators will be pleased to know, as I was, that under the agreement I mentioned earlier responsibility would not have shifted. It would have remained an exercise under the leadership of the RCMP wherever it went, except perhaps in Quebec.

So that is the good news. The bad news is that, obviously, relations and communications with the Sûreté du Québec will need work—considerable work. I understand that no agreement has been struck with Quebec under the Security Offences Act, as has been done with every other province. I also understand that the Sûreté is still not fully integrated with CPIC, the Canadian Police Information Centre.

In fairness, it is often difficult to distinguish immediately between a terrorist incident and one of common garden variety criminality. To my knowledge, there was nothing to distinguish this incident as a terrorist one until the bus arrived on Parliament Hill and a note, delivered to a House of Commons bus driver, identified the hostage taker's preoccupation. Neither, as I understand it, was there any particular indication that the bus was headed for Ottawa or Parliament Hill. In fact, perhaps quite the contrary: all the evidence seemed to indicate that the bus was on its way to the United States.

In spite of that, the communications issue that exists between the RCMP and the Sûreté du Québec, and the lack of an agreement under the Security Offences Act, is symptomatic, in my view, of a problem which we cannot allow to persist.

I know that federal-provincial relations on matters such as this can be complex, difficult and sensitive. I know that negotiations with Quebec to strike an agreement are still under way at senior bureaucratic levels.

Honourable senators, Parliament imposed the requirement for such agreements nearly five years ago, and the absence of an agreement with Quebec is a major chink in our system and our response capability. Furthermore, we must ask how the bus managed to get onto Parliament Hill.

Honourable senators, I recognize—as we all do—that Canada is a free and open society. I recognize that Parliament Hill must be accessible to the public. However, in today's world, as other countries improve their security, perhaps we are leaving ourselves too vulnerable.

Can you imagine the impact, the symbolism and the attention that would have been focused had that bus been full of dynamite and it had been detonated under the Peace Tower? Can you imagine the impact, if the bus had been loaded with terrorists and had got that close without challenge?

Finally, honourable senators, I want to say something about the media. I can almost feel my colleagues in the committee cringe a bit—in particular, Senators Fairbairn and MacDonald—but I think it is something that should be said.

Without the media, terrorists find it much more difficult to communicate their terror and their propaganda. Most terrorist incidents are staged as media events. In my view, the media have to acknowledge that they are more than a passive or incidental part of terrorism and must, therefore, look carefully at how they handle themselves. The media's performance on April 7 had its troubling aspects. For example, at one point, when it appeared that an assault might be required, an RCMP officer crawled under the bus. Live pictures of the officer doing so were broadcast and the officer's actions were reported by the media at the time. What would have happened if the hostage taker had heard the reports? Those reports would probably have inflamed the situation and might have put the officer's life, not to mention the hostages' lives, in jeopardy.

Furthermore, I understand that at the beginning of the incident, after police had secured the area and moved the media back, media camera crews moved into offices on the north side of the Victoria Building looking for a vantage point over the incident. They were eventually shooed away by Senate staff, but they then simply moved into another building that afforded the same or nearly as good a perspective.

Honourable senators, I understand that the public has a right to know that a terrorist incident is going on and to know what has happened and how well or poorly public officials have acquitted themselves during the incident. The media play a valuable role in that nexus of information and accountability; but I fail to see how the public interest is served, or how anything other than a prurient interest is satisfied, by live, blow-by-blow coverage of a terrorist incident.

While little of a tangible worth is served, the risk is inordinately high. The risk is that live coverage will do something that, even inadvertently, inflames or prolongs the incident or endangers life or property. The media are not passive spectators or messengers in the coverage of terrorism, but they continue to act as if they were.

During the Senate committee hearings representatives of a number of news organizations appeared before us. Several of them had devised their own guidelines to regulate their organizations' handling of terrorist and analogous incidents. On paper, those guidelines looked pretty good. I was concerned, however, as were some of my colleagues, about what would happen in practice in the heat, tension and immediacy of an actual incident. Would the guidelines be respected or would they be cast aside or forgotten in the quest for a "scoop" or "dramatic film footage"?

• (1640)

CBC coverage of the Turkish embassy incident in April 1986 earned an award. But, before the committee, police officers involved in that incident expressed concerns that the coverage could have endangered lives: hostages' lives, the ambassador's life and police officers' lives. I refer you to our report for the details of that incident.

It is a fact of life that awards have a greater impact and speak louder than any guidelines for media behaviour during a terrorist incident. I am concerned, therefore, that the CBC's award-winning Turkish embassy coverage has set the real standard for performance, and that the guidelines will be ignored.

I can only ask again: When is the media going to come to grips with its own behaviour during incidents of this sort?

With that, honourable colleagues, I conclude my remarks with thanks and congratulations to the RCMP and others who responded so well and with an admonition to certain others that important work remains to be done. I personally think that we were lucky on April 7. There are those who will continue to count on good fortune. I think that is folly. Air India shows how catastrophic one incident can be.

I know there are measures in process to strengthen the government's response capability. I trust that those measures are proceeding and will be effective. I certainly would be interested to hear what those measures are.

On motion of Senator Kenny, debate adjourned.

THE SENATE

SIMULTANEOUS INTERPRETATION

Hon. Douglas D. Everett: Honourable senators, before we adjourn, I noticed during Senator Kelly's excellent speech that I could hear the French translation wafting over the chamber from above. One of the hallmarks of interpretation in the Senate has been that one hears the interpretation through the earpiece, not externally. I wonder if His Honour could cause someone to look into that to see if the interpretation echo could be silenced.

The Hon. the Speaker: Very good, Senator Everett.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 3, 1989

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

Prayers.

[*Translation*]

NATIONAL FINANCE

FIRST REPORT OF COMMITTEE TABLED

Hon. Fernand-E. Leblanc: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on National Finance concerning the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*English*]

SUBJECT-MATTER OF BILL C-22

REPORT OF SPECIAL COMMITTEE TABLED

Hon. M. Lorne Bonnell: Honourable senators, pursuant to rule 84, I have the honour to table the report respecting expenses incurred by the Special Committee of the Senate on Bill C-22 during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO RETAIN SERVICES

Hon. Fernand-E. Leblanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*i*), I move:

That the Standing Senate Committee on National Finance have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject matter of bills and estimates as are referred to it.

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

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

TERRORISM AND PUBLIC SAFETY

NOTICE OF MOTION TO APPOINT SPECIAL COMMITTEE

Hon. William M. Kelly: Honourable senators, I give notice that on Tuesday next, May 9, 1989, I will move:

That a special committee of the Senate be appointed to review the recommendations contained in the Report of the Special Committee of the Senate on Terrorism and Public Safety, entitled: "Terrorism", tabled in the Senate on 10th August, 1987;

That, notwithstanding rule 66(1)(*b*), the Honourable Senators Bosa, Corbin, Fairbairn, Flynn, Hays, Kelly, Kenny, MacDonald *(Halifax)*, MacEachen (or Frith) and Murray (or Doody) act as members of the special committee, and that three members constitute a quorum;

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

That the committee present its final report to the Senate no later than 30th June, 1989.

QUESTION PERIOD

SPACE RESEARCH

ESTABLISHMENT OF SPACE AGENCY—STATUS OF ROCKET BASE AT CHURCHILL, MANITOBA

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate. Yesterday there was an announcement made about the establishment of the space agency in Longueuil. For some years now in the province of Manitoba there has been a rocket base in Churchill which has been used by the National Research Council for space work—admittedly, not into far outer space but, nevertheless, some important rocket work. In light of the problems with Churchill so far as grain shipments and so on are concerned, the continuance of space research is important to the province and to Churchill itself from an economic standpoint.

Now that the decision has been made to proceed with the space agency, are there any plans to keep that base in Churchill open as part of the space program?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall have to make inquiries of my colleague, Mr. Andre. I will report in due course.

DELAYED ANSWER TO ORAL QUESTION

HEALTH AND WELFARE

DESTRUCTION OF IMPORTED CHILEAN FRUITS AND VEGETABLES—SOURCE OF GOVERNMENT AUTHORITY—EXTENT OF CLAIMS FOR DAMAGES—CONSEQUENCE FOR EXPORT OF CANADIAN AGRICULTURAL PRODUCTS

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to the question raised by the Honourable Peter A. Stollery on April 18 regarding Health and Welfare—Destruction of Imported Chilean Fruits and Vegetables—Source of Government Authority—Extent of Claims for Damages—Consequence for Export of Canadian Agricultural Products.

(*The answer follows:*)

The person in Chile who made the phone threats to the American Embassy in Santiago indicated on three occasions that he had poisoned fruit with cyanide. The finding of cyanide in two grapes was proof that the threat was valid. This finding also placed all supplies of Chilean fresh fruit and vegetables in Canada under suspicion of possible poisoning. Section 4(a) of the Food and Drugs Act states: "No person shall sell an article of food that has in or on it any poisonous or harmful substance". It was on the basis of this legislation that the decision was taken to dispose of the produce rather than risk the health of Canadians.

It should be understood, however, that wholesalers were given three options for disposing of large quantities of Chilean produce:

(1) export out of the country

(2) processing into other foods (under specified conditions)

(3) destruction

The extreme measures taken by the Government of Canada were consistent with the need to protect the health and security of Canadians; the high cost incurred by the fruit and vegetable trade does not outweigh this objective. The government does not offer compensation to retailers, wholesalers or importers for food products associated with public health alerts or recalls. Examples of previous major incidents where requests for compensation were also denied include: cheese contaminated with salmonella; mushrooms with can defects; grain products containing ethylene dibromide; mussels and other Atlantic bivalve molluscs suspected of containing an unidentified toxin—subsequently identified as domoic acid.

PREVENTIVE HEALTH CARE

REPORT OF SPECIAL COMMITTEE TABLED

Leave having been given to revert to Reports of Committees:

Hon. Hazen Argue: Honourable senators, pursuant to rule 84, I have the honour to table the report respecting expenses incurred by the Special Committee of the Senate on Preventive Health Care during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator David drawing the attention of the Senate to research on the evolution of health care costs in Canada and its consequences and to the need to establish a committee or subcommittee to examine the question.—(*Honourable Senator Gigantès*).

Hon. Philippe Deane Gigantès: Honourable senators, this item is in my name. I am ready to give the floor to whoever wishes to speak to it today. I shall speak tomorrow.

Order stands in the name of Senator Gigantès.

[*English*]

AIR CANADA

EFFECTS OF WITHDRAWAL OF SERVICE FROM STEPHENVILLE, NEWFOUNDLAND—DEBATE ADJOURNED

Hon. Jack Marshall rose pursuant to notice of April 4, 1989:

That he will call the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989.

He said: Honourable senators, one of our responsibilities as senators in this chamber is to support and protect regional interests. In my inquiry today I call the attention of the Senate to one of those responsibilities. It relates to the recent action of our national airline, Air Canada, to discontinue and withdraw its DC-9 service from the Town of Stephenville on the Montreal-Stephenville-Gander route on June 17, an action which will seriously affect the economy of an area that is very dependent on air transportation and which will again leave an atmosphere of uncertainty as to the future of the town, which has been disrupted many times before.

Similar action is taking place in other Atlantic region communities, including Gander in Newfoundland and Sydney in Nova Scotia, as well as Sept-Îles, Quebec. I hope that other senators will join in the debate, because I am convinced that this is as callous an action by Air Canada—to use the province of Newfoundland and Labrador as a scapegoat, to use it as a pilot project for worse things to come—as was the case when Canadian National Railways, in collusion with both federal and provincial governments of the day in the late 1960s, downgraded service to and within the province to justify its eventual elimination, which happened recently. This, I feel,

will follow the same pattern, and the same thing will occur across Canada as is being experienced now in my province.

Need I remind honourable senators of the exclamations of patriotism and the sickening rhetoric about the building of Canada through a transportation system going from sea to sea and the proud reminders of the vital importance of an intermodal transportation system for land, sea and air?

Honourable senators, I have received over 2,000 letters of protest, or copies of letters of protest, directed to all those who should have the responsibility and the power to rescind this unconscionable action. Besides Air Canada itself, the letters were directed to most senior cabinet ministers, including those directly responsible, namely, the Minister of Transport, the minister responsible for privatization and the minister responsible for Newfoundland and Labrador in the cabinet. As yet, unfortunately, little has happened, other than the usual passive expressions of concern, some of which I will comment on later.

Let me say something about the history of the town to put in perspective just what is happening. Stephenville is located in the federal district which I represented as an MP from 1969 to 1978, and is now represented, besides by the MP for the district, by my colleague, Senator Cochrane, who is also deeply concerned and heavily involved. It is located in southwestern Newfoundland, with a population of some 10,000, but it is the commercial centre of the Bay St. George area, with a total population of over 40,000. The airport itself serves another 23,000, including the city of Corner Brook and the town of Port aux Basques.

The community was little more than a fishing village of 500 citizens until World War II, when, through the vast changes brought about by war, it entered into a period of growth and comparative prosperity when the area surrounding the town was chosen, in 1941, as the site for the U.S. Strategic Air Command Base, known as Ernest Harmon Air Force Base. It grew into an extensive military establishment, with an investment of $179 million, 1940 dollars, in valuable modern buildings, hangars, oil storage tanks, housing, schools, churches, barracks, recreation and other facilities comprising a community of some 3,400 military personnel and 1,500 civilians. The base had an annual operating cost of $17 million, with a payroll of $18 million, a good portion of which was paid directly to Newfoundland civilians in the area.

I mention these statistics, honourable senators, to lead into the difficulties which arose as a result of a major setback in 1966—just one of many setbacks, including the present one. The setback in 1966 occurred when the U.S. Air Force closed the base, leaving high unemployment and the effects of an immediate loss of one of the largest industries in the province at that time.

After the closure of the base, and through the initiative and the imagination of the municipal leaders and with the help of governments, attempts were made to take advantage of the valuable property left to the government by the United States. Despite further setbacks and stops and starts, small industries were set up with government assistance and the town grew. As a result, today the community is a moderately successful mix of small business and industry, regional and district agencies of government offices, community colleges, fish plants, and, most important, a main paper mill, Abitibi-Price, which is a stable source of employment, with 315 personnel and an annual payroll of $15.5 million, not to mention an original investment of some $300 million.

I think it is worthwhile to dwell for a moment or two on the Abitibi-Price Paper Company, because its move to Stephenville to take over a then existing government-sponsored linerboard mill was responsible for the successful turnaround caused by another setback, when the original, established linerboard mill failed as a viable industry. It was then taken over by Abitibi-Price, who, through wise management and expertise, were able to revitalize the mill and change the purpose from the original production of a different commodity, linerboard, to the production of paper. They succeeded in producing a superior paper, one which has been widely accepted in the marketplace, and as a result of its success they have stabilized the economic base of this hard-pressed community.

• (1410)

The discontinuance of DC-9 air service to the Stephenville Airport will seriously affect the future of that mill's presence in Stephenville and is a perfect example of weakness in basic economic planning and lack of foresight as to the real needs of government to support and enhance an entrepreneurial climate, and it should intercede in the action by Air Canada, just as it generously provides special programs to create jobs.

In conversation with the management of Abitibi-Price, I am advised that the withdrawal of the same day service, which Air Canada now provides, will bring about serious delays in acquiring spare parts and technical staff from outside the province to repair sudden breakdowns, even to the point of causing lay-offs because of the delays in effecting repairs.

One does not have to be too smart to realize the competitiveness of the paper industry today and the vital requirement that demands reliability of supply by the marketplace in today's economic world.

But honourable senators do not have to rely on my description, so I place on the record what the Abitibi-Price Paper Company themselves say in a letter to the Town of Stephenville dated February 9, 1989, from the divisional controller of Abitibi-Price, which puts its continuance at risk. I quote from the letter:

> In light of the recent pull out announcement by Air Canada, we have reviewed our situation to determine the impact on our operation. The following is a summary of this review.

It then goes on to say that they have 315 employees and a payroll of $15.5 million a year. I think ACOA, the Atlantic Canada Opportunities Agency, should think about that. I noted that in some of the programs directed to individuals and companies it was willing to pay up to $100,000 per job; and when you take into consideration 315 employees, you know what that amount would have to be.

They give a summary in which they make the following points: First, the dollar value of passenger travel during 1988 was $168,000, which included employees travelling out of town as well as employees travelling to Stephenville from other company sites; second, the freight service provided by Air Canada cost Abitibi-Price $60,000 in 1988, representing a total weight of 48,000 pounds of material and equipment which cannot be delivered by smaller aircraft; and third, the avoided downtime of their operation through the use of Air Canada same-day service amounts to a minimum of 24 hours annually, which I am sure everyone will agree is a good record. The dollar value attached to this amount of production in terms of revenue exceeds $300,000.

Finally, they also say that it is difficult to quantify what they perceive to be one of the more serious effects. The Stephenville mill sells in a global marketplace, including Japan, Germany, the United Kingdom and South America; and, as such, an important aspect of the operation is customer visits and exposure to the mill, the people and the town. The removal of the jet service, they say, will mean it will no longer be convenient for customers to come to Stephenville, because one of Abitibi-Price's objectives concerning customers is to be easy to do business with. Loss of jet service is a step backwards relative to customer relations.

As another example of future impact, the mill was scheduled to host an annual international sales meeting in September, which involves approximately 50 high-level people visiting Stephenville for several days. Now, with the recent turn of events, alternative locations are being considered.

The Stephenville operation is an extremely high-cost paper mill. Island power, short wood supply and geographic location all contribute to this cost. Now, by adding the reduced air service to the list in terms of people movement and materials expediency, the scales are tipped a little more towards shortening the economic life of this operation. Honourable senators, I see that as a threat to its economic life—and I remind senators that this decision will constitute a cost of 315 jobs, accounting for $18 million in payroll.

Honourable senators, the example depicted by Abitibi is true also on a wider scale wherein it concerns other smaller and varied industrial activity. A letter from the Stephenville Industrial Development Corporation to me places in perspective the concern about the withdrawal of long-haul air service and its important role in all aspects of economic activity. References are made in that letter to the impact of the removal of the service upon the regional fishery and the shipping of various species of fish to market, which cannot be provided by the smaller regional carriers.

Further, pertinent emphasis is placed upon the fact that loss of direct air service to Montreal and Toronto is a serious detriment to their development efforts, including the resulting failure to attract new development to the area, which is remotely located and which would have to be served by less efficient, smaller carriers. Not only will the withdrawal of the service have a serious economic impact on the Stephenville area, it will leave at risk its serving as the designated alternative for transoceanic plane stops (TOPS) for flights from Europe to Gander.

Here is what Doug Sheppard, the mayor of Gander, had to say in support of Stephenville:

> If Stephenville is lost as an alternate it will make everything more difficult. When our airport is not operational it is due to bad weather on the northeast coast, which affects St. John's even worse, so if Stephenville is not available there will be trouble.
>
> Fifty per cent of our business is Eastern Bloc, and recently the Feds said those flights could not go into Halifax or Goose Bay, so really there would be nowhere in eastern Canada—

for TOPS flights to land. He went on to say:

> It is very important that we want to see Stephenville maintained as the designated alternative for Gander international TOPS traffic.

He further stated that when groups of people are sent from Gander to Europe or to the United States to look for markets, one of the marketing tools they use is the fact that they have 11,000 feet of runway, and in Stephenville there is a 10,000-foot runway with all of the equipment to service flights. Sheppard pointed out that freight is another important reason to keep the service in Stephenville:

> I have seen delays sometimes in Stephenville and the captain will apologize and say that we are 10 or 15 minutes late—because we are taking on board 10,000 pounds of salmon or lobster. Not having that freight capacity will impact severely on the whole southwest coast.

Overall, he said his biggest concern is that they are eliminating the run from Gander, Stephenville, Montreal and Toronto, which allows for a direct run into central and western Canada and the U.S. Honourable senators, I do not think that Air Canada has looked into this matter very seriously.

I have a few words to say on Air Canada's public relations. Honourable senators, Air Canada announced the removal of its DC-9 service on February 1, over three months ago. The messenger sent down by Air Canada, the Atlantic Regional General Manager, did not even show the courtesy of either making the announcement in Stephenville or showing respect for the mayor and council by discussing Air Canada's intentions with them. Instead, he proceeded to make the announcement in Corner Brook, 52 miles away, on the lame excuse that it was the centre for media coverage.

In the announcement the justification from the point of view of economics was that the flight did not make a contribution to profit. Well, honourable senators, I have been travelling that Montreal-Stephenville route fairly regularly for 21 years and, in most instances, the plane was filled to capacity or near capacity.

The other reason for the discontinuance of the flight, which was most unprofessional, was the rationale—wherein they show the typical attitude—that the withdrawal will allow the

company to offer additional services on high density, high yield routes such as Halifax-Toronto. I am sure honourable senators will agree that the exclamations of "their recognition of their responsibilities to Canadians", which the chairman and the president are not shy about repeating time and time again in their *En Route* magazine, are, at best, exaggerations.

● (1420)

I should not mention this, but in a magazine I was reading today a journalist in St. John's used the words, "in mystifying jargonistic excess." That applies to Air Canada's chairman of the board, when he writes these famous editorials in the *En Route* magazine.

Air Canada emphasizes that the staff affected by the change will be offered pay transfers or severance packages. Senators who read the *En Route* magazine will note the interesting short articles written by the chairman, Claude Taylor. I should like to quote from one article, which highlights the contribution of Air Canada's employees.

> Many employees perform at standards that go beyond their job descriptions and their commitment is the backbone of any corporation.
>
> Let us put the outstanding service person, the effective production manager, the polite sales clerk and the skilled worker up there with our acknowledged business leaders. They all deserve praise.

Here is the reality of Air Canada's treatment of outstanding service, as described in the chairman's commitment to Air Canada employees.

One employee who spoke to me would qualify for a full pension in 1991. In order to fulfil his employment contract he would be forced to transfer to another station. However, his health and age would make it difficult for him to move himself and his family for two years only and, as a result, he will lose future security because he will have to retire in June, when Air Canada pulls out its service. I wonder if Mr. Taylor knows about that high-calibre employee and if he is thinking about that when Air Canada is planning to terminate the air service that is so necessary to Stephenville.

Honourable senators, I want to comment on the realities of the action by Air Canada and the response of government.

Air Canada, unfortunately, can hide behind the revised policy of government when, with the passage of the National Transportation Act of 1987, it reformed the legislation under which Canadian transportation operated.

In a letter dated February 20, 1989, the minister responsible for privatization said the following:

> Most domestic air services are no longer subject to economic regulation, recognizing the government's commitment to market forces as the best means of delivering competitive air services to Canadians. The act has, however, provisions whereby 120 days' notice must be given for the abandonment of air service. It is felt that this will give sufficient time for other interested operators to arrange alternate services, if local demand warrants it.

Honourable senators, it has been three months since Air Canada made its announcement and, as yet, there has been no rush from anyone I am aware of who can or will provide the type of service required—other than talks being held with various airlines about potential service.

The minister went on to say:

> There is also provision in the Act to allow the Minister of Transport to offer financial assistance to maintain an essential air service.

This is an essential air service. It was his understanding, however, that "Air Canada is not the only carrier serving Stephenville and that Air Atlantic currently provides daily services. Under the current act, Air Atlantic or any other carrier is free to increase current service levels to meet the demand from former Air Canada passengers."

Unfortunately, the minister misses the point.

Yes, Air Atlantic provides a daily service, and a good daily service, but it does not and cannot provide the DC-9-type service as I outlined, and it is not yet even aware of the airport itself and where it fits into it. Air Atlantic has the DASH 8 aircraft, which holds only 40 passengers and does not have very much air cargo space.

The minister ends his letter by stating that as a publicly-traded company, which Air Canada now is, it would be inappropriate for the government to intervene in the commercial decisions of the airline.

The Honourable John Crosbie stated in a letter to Abitibi-Price:

> As you are aware, Air Canada now essentially operates as a private company. The Government of Canada does, however, have the responsibility to ensure that the company complies with the spirit and intent of the National Transportation Act (1987).

That is the first positive answer I have seen.

> The Honourable Erik Neilsen, Chairman of the National Transportation Agency, is responsible for ensuring compliance. However, I have asked my colleague, the Honourable Benoît Bouchard, to inquire into Air Canada's decision.

The following is what the Minister of Transport, the Honourable Benoît Bouchard, stated in a letter to Abitibi-Price:

> You will appreciate that, as the National Transporation Agency, by virtue of the legislation, is an independent body, it would be inappropriate for me to intervene in this matter. However, I do understand the concern of the people of Stephenville about the level of service and you may be assured that I will monitor this situation closely.

Honourable senators, Air Canada, in its own public offering prospectus, which it published with great pride—and everyone saw it—stated:

> In Canada, civil air transportation, including the establishment of policy, maintenance of operations standards, safety and the provision of ground and airways infrastruc-

ture is wholly within federal jursidiction and is the responsibility of the Minister of Transport.

Referring to the National Transportation Act, it states that the act established the National Transportation Agency and it reports through the Minister of Transport to the Governor in Council, and may receive policy direction from the Governor in Council.

Honourable senators, I will not be too much longer, but I wish to refer briefly to Part II of the Air Transportation Act. Part II refers to sections 76, 77, 78 and 85. Sections 76 and 77 are probably redundant, because they refer to the requirement of 120 days' notice, which Air Canada has already given; but I wish to mention section 85, which states:

> The Minister is given the authority to determine that a domestic service in existence on proclamation of this section is "essential", and that financial assistance is required to ensure that some level of service is maintained. In such cases, the Minister will ascertain, by public tender where feasible, the most economical and efficient method of providing the service.
>
> Currently, under section 18 of Part II of the *Aeronautics Act*, the Governor in Council can authorize the Minister to provide financial or other assistance to an air carrier.

Honourable senators, I think I have proven that the government can help by financial assistance if the air service is declared essential, and I say that it is. I hope that the government will recognize the serious effects this will have on the company and on the morale of the citizens, who are faced with yet another setback, when they have already faced too many setbacks before, and that the government will demand that Air Canada fulfil its responsibility to Canadians, regardless of where they live, by withdrawing its application to remove the vital DC-9 service to and from western and central Newfoundland; alternatively, the government could and should employ section 85 and provide financial assistance to keep the service intact.

Hon. M. Lorne Bonnell: Honourable senators, in moving the adjournment of the debate, I have to say that the same thing has happened in Prince Edward Island, where we are losing our Air Canada direct flights. We have been promised a fixed link, but apparently that has been put on hold at the present time. The operation of the ferries from Wood Island and the construction of a new ferry, as was promised last August, has now been put on hold. Our roads are deteriorating because of the volume of trucks operating on them since we no longer have any rails—

Senator Petten: No rails!

Senator Bonnell: Our rail system is being removed and destroyed. The transportation system in our province is going back to where it was before Confederation.

I am moving the adjournment of the debate so that I can give further thought to this matter and bring to the attention of the people of Canada how Prince Edward Island is being discriminated against this time by this government.

[Senator Marshall]

Some Hon. Senators: Hear, hear!

On motion of Senator Bonnell, debated adjourned.

PAROLE AND CORRECTIONS

MOTION FOR TABLING OF DETENTION PROVISIONS EVALUATION REPORT—DEBATE ADJOURNED

• (1430)

Hon. Earl A. Hastings, pursuant to notice of April 18, 1989, moved:

> That there be laid before this House copy of the Evaluation Report of detention provisions contained in the Bill C-67, An Act to amend the Parole Act and the Penitentiary Act, of the 1st Session of the 33rd Parliament, prepared for the National Parole Board and the Correctional Service of Canada and completed in September 1987.

He said: Honourable senators, my motion pertains to Bill C-67 of the First Session of the Thirty-third Parliament. I need not remind honourable senators of my deep and abiding interest in that bill and its operation after the government at the time recalled Parliament in July 1986 to make these amendments to the Parole Act and the Penitentiary Act. This was a bill which would, apparently forever, protect Canadian citizens from those terrible, violent offenders that the Prime Minister told us were to be released that summer. The Solicitor General told us that the number to be released was 22. However, the Prime Minister said that 80 inmates were to be released. At that time the Chief of Police of Toronto said: "They are all going to come to Toronto. We must have that bill passed." So, honourable senators, as I said, we passed that bill and I have had a deep and abiding interest in its function ever since.

In the winter of 1986-87 a report was prepared by James Vantour and Sheila Faure for the Correctional Service of Canada and the National Parole Board. It was an evaluation report on the implementation procedures of the detention procedure as authorized by Bill C-67. In May 1987 I requested a copy of the report and the Commissioner of the Correctional Service of Canada wrote to me on June 24, 1987, saying the following:

> The Report requested is not yet completed but a copy will be forwarded to you as soon as it has been reviewed by the Senior Management Committee of the Correctional Service of Canada and the National Parole Board.

Honourable senators, that was two years ago.

An. Hon. Senator: Oh, oh!

Senator Hastings: On September 2, 1987, I followed up my original request and again asked for a copy. On September 18, 1987, again the Commissioner of the Correctional Service of Canada wrote to me. At that time he said:

> I expect that our Senior Management Committee will review the report in November, after which I would be pleased to send you a copy.

Honourable senators, no copy of that report ever arrived. On May 5, 1988, I again requested a copy. However, we are now down to the point where they will not even respond to my letters. In July 1988 I again asked for a copy of the report and, again, there was no response to my letter. One gets the feeling of being ignored, stonewalled and perhaps not very well liked when one does not receive a response to one's legitimate request for a report, which was, after all, prepared for the people of Canada at public expense.

However, honourable senators, two weeks ago the Solicitor General, with great fanfare in a media event, announced the principles for the operation of the Correctional Service of Canada. It amounts to an admission that they have not known what they have been doing for the last 20 years, but they are going to change their ways and begin to operate in the interests of Canadians. The Solicitor General outlined in his statement one of their guiding principles, which reads, "Our relationships with our colleagues in the Ministry, other components of the criminal justice system, and other parts of Government,"—I presume that would apply to the Senate of Canada—"will be characterized by openness, integrity and cooperation."

Honourable senators, by this motion I am simply asking the Solicitor General to display that degree of "openness, integrity and cooperation" by placing the report upon the table of this chamber.

On motion of Senator Nurgitz, debate adjourned.

CORRECTIONS

MOTION TO AUTHORIZE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TO STUDY REPORTS OF CORRECTIONAL INVESTIGATOR STANDS

On Motion No. 2 by the Honourable Senator Hastings:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the Fourteenth Annual Report of the Correctional Investigator for the period June 1, 1986 to May 31, 1987, and other investigation reports by the Correctional Investigator; and

That the Committee present its Report no later than December 31, 1989.

Hon. Earl A. Hastings: Honourable senators, I wonder if I might ask the Leader of the Government in the Senate if he has received any response from the Solicitor General with respect to the questions I placed with the leader about two weeks ago and of which I gave notice even prior to that?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I made another inquiry today and I am informed that a reply is imminent.

Senator Hastings: The reply is what?

Senator Murray: Imminent.

Senator Phillips: That means "soon".

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 4, 1989

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

Prayers.

[*Translation*]

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-7, to amend the Criminal Code (pari-mutuel betting).

Bill read first time.

[*English*]

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I believe the government wants this bill to be put on the Orders of the Day for second reading at the next sitting of the Senate, but I think it is more appropriate for the government to so move.

Hon. Orville H. Phillips: Honourable senators, I so move.

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

Senator Phillips: I even forgot to ask for leave.

The Hon. the Speaker: With leave of the Senate and notwithstanding rule 44(1)(*f*), it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Frith, that this bill be placed on the Orders of the Day for second reading at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: I will be speaking against it, so it is not appropriate that my name be down as the seconder.

The Hon. the Speaker: You are only seconding the motion that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTH REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

Hon. Roméo LeBlanc (Beauséjour): Honourable senators, the Standing Committee on Internal Economy, Budgets and Administration has the honour to present its fifth report, concerning the approval of improvements to the Senators' Group Surgical-Medical Insurance Plan.

I ask that the report be appended to today's *Hansard* and *Minutes of Proceedings* so that it is part of the permanent records of the Senate.

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

Hon. Senators: Agreed.

(*For text of report, see Appendix "A", p. 157.*)

The Hon. the Speaker: When shall this report be taken into consideration, honourable senators?

Senator LeBlanc (Beauséjour): With leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*English*]

BUSINESS OF THE SENATE

On Notices of Motions:

Hon. Orville H. Phillips: Honourable senators, later on I will be asking for leave to revert to Notices of Motions.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I know why this request is being made, but perhaps Senator Phillips could explain to the rest of the chamber.

Senator Phillips: I will be happy to share the information with the chamber. We are waiting to see what action the House of Commons takes respecting Bill S-2 at about three o'clock this afternoon.

Senator Frith: Honourable senators, we understand the reason for that request, but we should remember the context. It is that when Bill S-2 was introduced, it was explained to me, at any rate—and I do not recall whether it was explained in the Senate—that a foreign minister of one of the countries—

Hon. Duff Roblin: Poland.

Senator Frith: —was going to be here on Monday and that the government would like to be able to tell the foreign minister that this tax bill had been passed; and, of course, we supported that. For that reason we want to have Royal Assent before he comes, but that could mean that if the House does not cooperate with the initiatives taken in the Senate, with agreement on both sides, we will be sitting on either Monday or Friday.

Can the Acting Deputy Leader of the Government tell us just how things look for the adoption of the bill in the other place? Is it on the order paper and scheduled and intended for passage today, and has assent or agreement of the House leaders over there been obtained?

Senator Phillips: Honourable senators, I am hopeful that at three o'clock, following Question Period, the House will deal with Bill S-2 in all three stages. If that happens, we will be having Royal Assent later this afternoon.

QUESTION PERIOD

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—AMOUNTS PAID OUT—ADMINISTRATIVE DIFFICULTIES

Hon. H.A. Olson: Honourable senators, I wonder if I could ask the Leader of the Government to take notice of a question respecting the payments that were to be made for drought relief on the prairies. This was announced on, approximately, November 19, 1988. I believe it has been reported that there were some administrative difficulties in determining the amounts to be paid to producers in two categories.

The payments to the livestock producers are, I think, fairly well advanced. However, in the grains sector, they are not. My understanding is that very few payments have been made to grain producers on the prairies.

Could the Leader of the Government give an undertaking that he will get a progress report on how much has been paid out and perhaps, in addition to that, give some explanation of the administrative difficulties that they are having so that they can pay the rest of it?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask for that report from my colleagues and I will bring it in as soon as possible.

VIA RAIL

REDUCTION IN BUDGET—PROSPECTIVE EMPLOYEE CUTS—EMPLOYEE SENIORITY AND PENSION RIGHTS

Hon. Charles Turner: Honourable senators, my question is for the Leader of the Government in the Senate. During the budget speech the Minister of Finance said he was going to cut $500 million from the VIA Rail budget in the next five years. VIA Rail now has 7,000 employees. When VIA was created, employees were taken off the top end of the seniority lists of the CPR and the CNR and transferred to the new company known as VIA Rail. They took with them their seniority and pension rights.

The Minister of Transport, Mr. Bouchard, now says that VIA can raise prices, cut services or transfer them to the provinces, cities or private operators. With a cut of $500 million, this no doubt means that some of the train routes will be cut off. This will cause a reduction in crews and in the number of office employees.

My question to the minister is what happens to the employees' seniority and pension rights? Do they revert back as employees of CNR and CPR?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask for a prepared statement on that matter from my colleague and bring it in as soon as possible.

APPOINTMENT OF NEW PRESIDENT

Hon. Charles Turner: Honourable senators, yesterday there was a press release from the Minister of Transport. The Honourable Benoît Bouchard announced the government's appointment of Mr. Ronald Lawless as president and chief executive officer of VIA Rail Canada, effective immediately.

This man is known as the "hatchet man" and the "slasher" by most employees of the railway. This is the man who laid off hundreds of employees at CN, and now we are giving him the job of laying off employees at VIA Rail.

It also says that Mr. Lawless brings more than 545 years of professional rail industry experience and a commercially-oriented management style under which CN has prospered. This makes this man go way back to the time of King Edward III. He must be a very, very old man.

He is now 65. Why do we not give a young man the job of bringing this railway up to the 1989 style and class it should have?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Turner is making a point that would be more properly made in the course of debate. He will be aware that the Leader of the Opposition has placed a notice of inquiry on the order paper to discuss the Budget, and that debate will be beginning any time now.

May I say in the meantime that the government is very grateful to Mr. Lawless for having accepted responsibility for VIA Rail, in addition to his many other duties, at such a very difficult and challenging time.

Senator Frith: To preside over the dissolution!

Senator Turner: I can tell the leader one thing, and that is that the employees at CNR and CPR are not too happy. They do not know whether they will be working for this railway, VIA Rail or any other railway. I think it is the responsibility of this government, if it is going to make these cuts, to look after those employees.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—CONSEQUENCES FOR MEDICAL EMERGENCY AIR EVACUATIONS

Hon. M. Lorne Bonnell: Honourable senators, my question is for the Leader of the Government in the Senate. While I am

waiting for him to tell us that he will make sure the Minister of Finance keeps Canadian Forces Base Summerside open—which will take a few more days, because I know it will take a little time before he can tell us that—I wonder if he can answer this question: If the Minister of Finance says that that base must be closed, what measures will be taken by this government to continue air evacuations when medical emergencies arise? Patients are now regularly flown to Moncton, Halifax and other places from that base.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall have to take the question as notice and investigate the role that is now played by CFB Summerside in that respect.

[*Translation*]

THE ENVIRONMENT

AIR POLLUTION ON PARLIAMENT HILL—PRIME MINISTER'S LIMOUSINE CORTÈGE

Hon. Azellus Denis: Honourable senators, may I ask a question to the Leader of the Government in the Senate? For some time, we have been seeing a limousine cortège standing along the Senate Building. I am told that all these limousines are part of the Prime Minister's cortège. If so, that makes me very proud and happy.

I am wondering why the drivers of those limousines let their engines run for 10, 15 or 30 minutes while waiting. If we really want to put a stop to pollution and acid rain, we should first set the example.

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)): Honourable senators, I want to assure Senator Denis that if that is the case, the drivers of those limousines are violating government policies. Anyhow, I will enquire and report to the Senate in due time.

[*English*]

• (1410)

CANADIAN CENTRE FOR MANAGEMENT DEVELOPMENT

AUTHORITY FOR ESTABLISHMENT

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. Last summer Bill C-148, an act to establish the Canadian Centre for Management Development, was before the Senate. That bill was given second reading and referred to committee. A number of senators received controversial inquiries on the subject matter, but the matter subsequently died in committee because the election was called.

I now understand from a reliable source that the government has proceeded with the establishment of the centre without the appropriate legislation. Does the honourable senator have any information regarding that?

[Senator Bonnell.]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Well, honourable senators, I shall provide a report to the house on the legal situation with regard to that centre. I am assured that, while the legislation has not been passed, the actions that have been taken in the meantime are within the proper authority of the government. However, I shall bring in a formal report on the matter in due course.

THE ENVIRONMENT

PRINCE EDWARD ISLAND—MONITORING OF POLLUTION FROM SUNKEN VESSEL *IRVING WHALE*—GOVERNMENT ACTION

Hon. M. Lorne Bonnell: Honourable senators, I have a slightly different question for the minister today concerning the environment. It seems that we had a tragic oil spill off the coast of Alaska, and we have had another ship in the Strait of Juan de Fuca that lost its power—

Senator Barootes: The U.S.A. had a ship.

Senator Bonnell: The U.S.A. had it, right. The Americans had it.

Senator Frith: The citizens of the world have had it!

Senator Bonnell: Those two tragic events could have ruined the ecology and the ecological biomes of western Canada and the Pacific coast. I was wondering what has been done to protect the great coast of Prince Edward Island, where the *Irving Whale*, which sank off the coast several years ago, is a "floating" oil well. Has there been any monitoring by the Department of the Environment to see if there is any oil leaking from the *Irving Whale* that might pollute the shores of Prince Edward Island, our beautiful Cavendish beaches, and the Newfoundland shores? What is the Government of Canada doing to monitor the *Irving Whale* at this time?

While you are getting the answer to that, Mr. Minister, maybe you could tell us who is paying the cost of the monitoring? Is the monitoring being paid for by the Government of Canada or is it being paid for by the Irving Oil Company?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it seems to me that I answered a similar question from the honourable senator during the Thirty-third Parliament. This is another of those unwelcome legacies that we inherited from the previous government.

Some Hon. Senators: Oh, oh!

Senator Olson: What are you doing about it?

Senator Frith: Don't tell me Exxon has found another scapegoat!

An Hon. Senator: Get us a box of Kleenex!

Senator Murray: I shall ask for an up-to-date report on the matter and will convey it to the Senate as soon as I can.

VIA RAIL

NATURE OF APPOINTMENT OF NEW PRESIDENT—POSSIBLE CONFLICT OF INTEREST

Hon. Charles McElman: Honourable senators, before posing a question to the Honourable Leader of the Government in the Senate, please permit me to welcome back our colleague, the Honourable Senator Alasdair Graham, from his extra-senatorial duties in Paraguay. Now, as on his return from similar international engagements, I am delighted to see him without holes.

Hon. Senators: Hear, hear!

Senator McElman: I might also say that in relation to Senator Denis' question to the honourable the leader, when I was told that the cortège, as he referred to it, at the east side of the Senate area was associated with the Prime Minister's office, I thought it was perhaps an experimental cortège awaiting the demise of the Senate. Hopefully, it will have to wait a long while.

With respect to VIA, the press release from Transport Canada refers to the appointment of Mr. Ronald Lawless, whom I regard as a fine Canadian who has rendered great service to the country over the years, including outstanding service in the maritime provinces in the past. The release states that he will be president and chief executive officer of VIA; it does not say "acting" or "interim".

Is it the intention of the government that this will be a continuing appointment or will Mr. Lawless hold this position for a short period of time?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think it would be safe to say that Mr. Lawless will be in place at least until we receive a report—and I believe one is due at the end of this month or early next month, at the latest—on the future of the passenger rail services. Depending upon the recommendations of the report and the decision the government takes in consequence of them, we would then want to take the necessary decisions with regard to the management of VIA Rail. But I would not think that Mr. Lawless' appointment is to be permanent or much beyond the period I have just discussed.

Senator McElman: Like Senator Turner, I was surprised by the reference to the years of experience with the railway—545. I thought that perhaps you had disinterred Methuselah, or something of that nature.

It seems that since the national railways were the ones who, by inaction or direct action, indicated that they were not much interested in passenger rail services, there would be something of a conflict of interest in his appointment. That is why I wondered if it was to be permanent. The railways, through their contracts with VIA, are the ones who have established the high running costs which they charge and which have been a bone of contention between VIA and the railways. In view of that bone of contention, it seems that there would be a rather serious conflict of interest in Mr. Lawless' management of Canadian National Railways when at the same time he manages VIA.

Senator Murray: Honourable senators, I would make three points in response to Senator McElman. First, I think it is fair to say that it was not the railways but, rather, the general public that lost interest in passenger rail services.

Senator Frith: That is a myth!

An Hon. Senator: That's the party line!

Senator Murray: The story of passenger rail services in Canada is a story of decreasing public patronage of those services.

Senator Perrault: It is a story of obsolete equipment!

Senator Olson: Do you remember your promise to update the equipment?

Senator Murray: Yes, indeed, and that was done.

Second, In 1986, I believe it was, the federal government instructed VIA Rail to get its requirement for government financial assistance down from approximately $600 million, where it then was, to $400 million.

Senator Olson: Did they succeed?

Senator Murray: VIA Rail did not succeed in getting its financial requirements down, which is why we have had to take the steps that were announced in the Budget.

To come back to the question that Senator McElman has raised, I am not sure of the accuracy of his assertion that the charges levied by CN and CP are a bone of contention. I am informed that, while those charges represented quite a large portion of the operating expenses of VIA Rail in the early days, they have declined very considerably. I have the figures somewhere here, but they are not at my fingertips. I can get them for the honourable senator.

• (1420)

Third, so far as any conflict of interest in that regard between Mr. Lawless' duties as president of CN and his new duties at VIA Rail are concerned, I do remind the honourable senator that there is one shareholder of both companies—the shareholder being the taxpayers of Canada and the shareholders' representative being the Minister of Transport and the federal government, who would have the last word on a matter of this kind.

Senator McElman: I hope that the shareholder will maintain a close watching brief on this aspect of a possibility of a conflict of interest.

ATLANTIC CANADA SERVICE—IMPROVED NEW BRUNSWICK USER RATE

Hon. Charles McElman: I have noticed in the media the mention of the VIA lines that may be dropped, those being the lines from northern Ontario. The separate lines in Alberta—and I realize this is conjecture—are predicted to be continued. I have seen no reference whatsoever to VIA Atlantic.

In a press report of April 28, 1989, in the *Edmonton Journal* the Right Honourable Joe Clark has taken a somewhat paternalistic and protective interest in the Edmonton-Jasper VIA run, predicting that it will remain. I hope that someone will also take such an interest in VIA Atlantic.

When Mr. Mazankowski was Minister of Transport, he came to the east, particularly to Saint John, New Brunswick, to announce that VIA service would be continued. At that time he issued his "use it or lose it" edict. That principle is understandable, and I do not argue with it. He set a user rate of 200,000 passengers per year as being realistic. I should like to point out to the Leader of the Government in the Senate that the user aspect of VIA through New Brunswick has been increasing quite rapidly. During this past calendar year it has not only reached but has considerably exceeded the 200,000 figure given by Mr. Mazankowski for its continuation.

I should like to ask the Leader of the Government in the Senate, on my behalf, to remind Mr. Mazankowski of the level that he has set and the fact that it has now been exceeded. I should also like to remind Mr. Mazankowski that many seniors and youths, particularly students, are now using that service extensively.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall draw Senator McElman's representations to the attention of my colleague.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—AVAILABILITY OF PAYMENTS

Hon. Gildas L. Molgat: Honourable senators, my question to the Leader of the Government is along the same lines as Senator Olson's earlier question regarding the drought payments to the west.

On April 4, 1989, I asked the Leader of the Government when payments to grain producers, who are under some emergency because of seeding, might be received. He indicated then that he knew there were some difficulties, but he would find out what the situation was and report back.

The situation is even more urgent now. My information is that there have been no payments whatever to grain producers from the $850 million promised last fall. As I recall, payments were to have started in January of this year, but the producers have yet to receive any payments. Could the Leader of the Government inform us of the situation?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I apologize if an undertaking that I gave earlier to the honourable senator has not been honoured. I shall make immediate inquiries and produce a report.

[Senator McElman.]

NORTH ATLANTIC TREATY ORGANIZATION

SHORT-RANGE NUCLEAR FORCES STALEMATE—CANADIAN COMPROMISE PROPOSAL

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate if he can inform this chamber of the Canadian compromise proposal with regard to the NATO stalemate on the subject of short-range nuclear forces.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, a similar question was asked on Tuesday, May 2 by the Leader of the Opposition. My friend Senator Phillips will have a delayed reply to table later today.

EFFECT OF NATIONAL DEFENCE BUDGET CUTS ON NATO COMMITMENTS

Hon. Stanley Haidasz: I have a supplementary question that I should like to ask the Leader of the Government.

Now that the Minister of Finance has torpedoed the Canadian nuclear submarine project and cut the National Defence budget by $2.7 billion, how will that affect Canada's commitments to NATO?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I reminded the house earlier, the Leader of the Opposition has a notice of inquiry about the Budget on the order paper and we will be debating these matters before too long.

The fact of the matter is that parameters of the white paper tabled by the former Minister of National Defence, Mr. Beatty, still apply. We will not be able to implement the policies of the white paper fully, or in the time frame we had anticipated, but our commitments in Europe as a member of NATO have not changed.

VIA RAIL

RESEARCH AND DEVELOPMENT EXPENDITURES ON EQUIPMENT

Hon. Raymond J. Perrault: Honourable senators, I have a question about the VIA Rail service. I am sorry that I did not ask it as a supplementary question earlier.

In recent years it almost appears as though VIA Rail has been expiring through benign neglect. I am interested to know—and you might have to contact one of your colleagues to obtain the information—how much money has been invested in research and development to determine the way in which we could put better equipment on the rails. How do we really expect the Canadian public to want to travel on equipment that is 40 to 50 years old and totally obsolete?

In 1986, at the Vancouver World's Fair, we had exhibits of new rail technology of some of the most exciting equipment in the world: for example, the high-speed magnetic levitation system developed by the Japanese and all sorts of marvelous advances in rail transport that are popularizing rail transport

in many other countries. Yet the only good sections of VIA Rail equipment have been in the Montreal-Toronto corridor and the Ottawa area. The rest of the country has had old equipment that is unappealing, with pipes that freeze up in the winter and equipment that discourages people from travelling on VIA Rail.

I am not trying to attach the responsibility to the Leader of the Government in the Senate, but how much has VIA Rail, with the support of the federal government, invested in research and development? What degree of culpability is there for failing to keep up with world technology as far as VIA Rail is concerned? I would like to know the answer to that.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not have those figures at my fingertips, but on the part of the employees, the management and the shareholders, the taxpayers and the Government of Canada, a real effort has been made to provide a satisfactory rail passenger service in this country. The fact of the matter is that the costs of doing so have mounted and patronage of the rail service has declined considerably. The subsidies provided by the government have increased out of proportion to the service that is being provided, and that is the overriding reality that the government has had to face.

• (1430)

Therefore, I do not think it is a question of apportioning blame. This is a big country and Canadians prefer, so it would appear, to travel by other means of transport, such as the automobile, the airplane or the bus. So, over time, passenger traffic on Via Rail has declined very considerably, costs have risen, and, frankly, difficult decisions must be taken if we are to bring the financial situation under control.

Senator Perrault: When was the last time the Leader of the Government in the Senate travelled by Via Rail, either in the maritime provinces or in western Canada? Can the Leader of the Government recall that magic moment when he travelled aboard Via Rail and could he provide us with a date?

Senator Murray: Honourable senators, my honourable friend will perhaps be surprised and pleased to learn that, at least since I became a member of the Senate, I have travelled on Via Rail in the Maritimes from Halifax or from the Maritimes to Montreal.

Senator Frith: Oh, you are the one who stopped using it!

Senator Murray: I have done so, but, like a lot of other passengers, I have been travelling on a pass, which does not give Via Rail much revenue. Indeed, within the last month or so I have twice travelled to Toronto and back by Via Rail and I pronounce myself as very pleased and impressed with the service and attitude of the employees of Via Rail. As I say, the employees and the management and the government have all given it their best shot, but maintaining Via Rail at the present level of activity does not seem to me to be "on" as a financial proposition.

Senator Perrault: Honourable senators, these are the statements of someone who has literally thrown in the towel. We have a decision to close down Via Rail made by a group of people in cabinet who have not travelled on the line to any great extent within the last five or ten years. They do not know what they are talking about, but they are going to close down VIA. The Leader of the Government recalls that great moment when he went by Via Rail from Ottawa to Toronto. Does the Leader of the Government realize that on that route Via Rail uses the only pieces of good equipment that they are able to muster? We do not get that kind of equipment in western Canada and it is not to be found in the maritime provinces. The good equipment is always on the Montreal-Ottawa-Toronto-Windsor routes. That is where the good equipment is used.

However, we are talking about Canada. The railways brought this country together in the first instance. That is what united this country, and for the government to throw in the towel and arbitrarily slash this money from the Via Rail budget is deplorable. In fact, it has driven even the president of VIA, a supporter of the government, to say: "This is too much for me!" He could stand a Conservative government and a Conservative prime minister, but he could no longer stand the way in which this government was treating Via Rail—this former avid supporter of the government. And now he has been fired for speaking out!

Honourable senators, I am suggesting to the government that before they make this final and fateful decision, let us discover what potential lies in upgrading VIA equipment to world standards and thus make railway transportation for the people of Canada desirable once again.

Senator Steuart: Out west even the freeloaders will not ride Via Rail any more!

RATIONALIZATION BASED-ON-USAGE PLAN—MAINTENANCE OF SERVICE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on the question of the plans that Via Rail has, I wonder if the Leader of the Government can give us some detail. First, perhaps he can tell us whether or not there is a plan for some rationalization based on usage and whether any decisions have been made about maintaining some of the services. For example, I refer to the service between Montreal, Ottawa and Toronto and the Windsor corridor in general. Like the Leader of the Government, I have been using Via Rail regularly since November. In fact, I have not flown into the Toronto airport since November. I shall be taking a train to Toronto this afternoon, as a matter of fact. As the senator has said, the service is excellent. There are four trains a day in both directions and it is a very worthwhile way to travel. Of course, I realize that that is of small comfort to those in the west and in the Maritimes.

It seems to me, however, that most of the publicity has been of this general nature. We have really had no detail on whether there is an intention to abandon or shut down service in the Maritimes and in the west and to maintain the service in

the Quebec City-Windsor corridor. So it seems to me that it might be a worthwhile subject for investigation by our Transport and Communications Committee.

Senator Perrault: Hear, hear!

Senator Frith: I wonder if the Leader of the Government could at least bring us up to date on where, in general, the government's plans to rationalize now stand and what detailed decisions they have made on the subject.

Senator Perrault: You are sidetracking the issue!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I believe I mentioned earler, VIA Rail and the government are awaiting a report, which, I believe, is due late this month or early next month, on the basis of which we and the board and management of VIA Rail will make decisions with regard to the future of that organization. There can be no doubt that to live within the financial constraints that the government has imposed upon VIA Rail will necessitate some abandonment of services. As well, there are other alternatives, such as privatization of certain lines and so forth, that have been mentioned.

Senator Frith: Will that report be public?

Senator Murray: I would expect so, yes.

CANADIAN BROADCASTING CORPORATION

PRIVATIZATION—GOVERNMENT POLICY

Hon. Raymond J. Perrault: Honourable senators, this morning the president of the Canadian Broadcasting Corporation, Pierre Juneau, was interviewed on "Morningside" by Peter Gzowski. Mr. Juneau said that he had received a report that one of the Leader of the Government's cabinet colleagues had stated that the ultimate intention of the government is to privatize the CBC. He indicated that he did not receive the message directly but that he had been informed that the object of the government is to privatize the Canadian Broadcasting Corporation. Can the Leader of the Government in the Senate provide us with any enlightenment on this alleged comment by Mr. Juneau?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not think I should be expected to comment on alleged comments by Mr. Juneau or anybody else. Let me simply say that it is not part of the government's policy, nor is it its intention, to privatize the Canadian Broadcasting Corporation.

Hon. Philippe Deane Gigantès: Honourable senators, should we take that assurance with the same faith that we took the assurance of Prime Minister Mulroney that privatizing Air Canada was not on the books at all?

Senator Murray: Honourable senators, here again, I think the honourable senator would do well to read completely the text of the statement made by Prime Minister Mulroney on that matter. Prime Minister Mulroney did indeed raise at the time the possibility of raising equity capital in the private market and putting part of Air Canada up for sale.

Senator Gigantès: Honourable senators, I shall read today's *Hansard* with great attention to the statement of the Honourable Leader of the Government on privatizing the CBC, for any hidden nuances that might have escaped me when I was listening to him.

TRANSPORT

QUEBEC CITY-JONQUIÈRE RAILWAY LINE—STATUS SHOULD MINISTER CHANGE PORTFOLIOS

Hon. Philippe Dean Gigantès: Honourable senators, I should like to ask the minister another question. If the Minister of Transport changes portfolios—ministers do change portfolios—will the line from Quebec City to Jonquière remain or will it disappear?

Senator LeBlanc: It is a sacred trust!

• (1440)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The honourable senator, as an experienced parliamentarian, knows better than to ask hypothetical questions.

EXTERNAL AFFAIRS

OFFICIAL OPENING OF CANADIAN EMBASSY IN WASHINGTON, D.C.—OMISSIONS FROM GUEST LIST

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, yesterday we all joined in the celebration of the opening of the new Canadian embassy in Washington, D.C., the land for which was acquired by reason of a decision by Prime Minister Trudeau, with some criticism at the time from the opposition that was then the Conservative Party. The choice of the architect—the architect who was praised so highly yesterday—also generated a great deal of criticism and a great deal of controversy.

I listened in vain for any reference or any credit being given to the previous government for the decision that led to the celebrations yesterday. My question is: Was that deliberate or was it simply an oversight?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my friend was not listening very carefully. I heard the live broadcast that I am sure he heard at about supper time last night and I distinctly heard the master of ceremonies for the occasion, Ambassador Burney, referring to the steadfastness and determination of the political leadership of the country.

Senator Frith: He said, "our political leaders."

Senator Murray: He referred to the political leadership of the country, of Canada, that had seen the project through, and

I certainly took that to mean those who had originated the concept and those who had been there for its realization.

Senator Frith: How many people do you think would have interpreted "our political leaders" as anything but a finesse? For example, was Prime Minister Trudeau invited to the celebration? Was there any direct reference to the fact that the decision that led to this event had been made by a previous government?

Senator Murray: Honourable senators, I have not the faintest idea who was on the invitation list, so I cannot answer the question.

Senator MacEachen: We know who was not.

Senator Murray: Was my friend not invited either?

Senator MacEachen: We know who was not: any Liberal who was associated with it.

Senator Murray: Well, I am very sorry to hear that; I was not aware of that.

Senator MacEachen: There is great magnanimity in the Conservative Party.

Senator Murray: They share that distinction with me, because I was not invited either.

Senator Frith: Honourable senators, to get back to the original question, was it an unfortunate oversight, for which apologies will be issued, or was it deliberate?

Senator Murray: Honourable senators, there was no oversight.

Senator Frith: That is a very good answer.

SENATE REFORM

TRIPLE-E SENATE—FEDERAL-PROVINCIAL CONSULTATIONS

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government, in his capacity as Minister of State for Federal-Provincial Relations, about a matter that has been raised again in Edmonton by the Minister of Federal and Intergovernmental Affairs, Mr. Horsman, who was reported under the headline "Senate Reform Back on Track."

It should be pointed out that two outstanding spokesmen for Senate reform such as Premier Don Getty and Mr. Horsman, the Minister of Federal and Intergovernmental Affairs, had this as part of their election program prior to the provincial election in Alberta in mid-March. It is well worth noting that Mr. Horsman had his majority reduced from well over 5,000 to just over 1,000 and Don Getty lost his seat.

Senator Perrault: A real endorsation of the idea!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Medicine Hat was afraid of losing its senator.

Senator Olson: I wonder if Mr. Horsman had conferred with the Minister of State for Federal-Provincial Relations in Ottawa who has the ultimate responsibility for accepting constitutional changes for and on behalf of the federal government. Does the minister, in fact, concur with Mr. Horsman's idea of Senate reform?

Senator Murray: Honourable senators, I presume the honourable senator is speaking about the bill that was on the order paper of the Alberta legislature at the time of dissolution.

Senator Olson: Yes.

Senator Murray: I have made some public statements about that matter. As of now I am not certain what the intention of the Alberta government is with regard to that bill when the new legislature opens.

Senator Olson: That is what this newspaper article is all about. Mr. Horsman is claiming that he is going to reintroduce the bill and that the Alberta government is going to accept nominees from all across Alberta, with the expectation that the federal government will have some obligation to appoint a person who has been nominated. Mr. Horsman, in this article, goes on to say that they are going to accept nominations from the political parties, notwithstanding that they have already said that they are going to depoliticize this process. I am wondering if the minister can tell us what is going to happen here.

Senator Murray: Honourable senators, Mr. Horsman understands the position of the Government of Canada on that matter. I met with him and with Premier Getty shortly before the election was called in Alberta. We also met with the media at that time.

We, of course, understand their position. Mr. Horsman and I do discuss the Senate reform process from time to time. As the honourable senator will be aware, the Alberta task force on Senate reform has done a national tour, has met with the federal government as well as with the other provinces, and I have been around and met with all the provinces to discuss the prospects of Senate reform as one of the priority items on the agenda for the second round of constitutional reform following ratification of Meech Lake.

Mr. Horsman called me the other day from Stettler.

Senator Olson: The site of the byelection.

Senator Murray: He called me to advise me that, in view of the interest of the new Government of Newfoundland in this matter, he was considering returning to that province with his task force to meet them to explain and discuss Alberta's position on the matter. I, of course, encouraged him to do so.

Senator Olson: I believe that some time ago the minister either advised the Senate or, at least, made a public statement to the effect that he had commissioned or annointed Mr. Horsman to do a tour of the provincial governments of Canada to find out what kind of Senate reform was acceptable. Since he was doing this for and on behalf of the federal government, are we to take it that the kind of structure he is now advocating is the structure envisaged by the federal government?

Senator Murray: Honourable senators, I do not have Holy Orders and, therefore, I did not annoint Mr. Horsman or

anyone else. If anyone had annointed Mr. Horsman, it would have been the western premiers—in fact, not just the western premiers but all the premiers who, at their last conference, suggested that Alberta should make the rounds of the provinces—

Senator Frith: To proselytize.

Senator Murray: —in order to explain and discuss their position on Senate reform. I had made a similar suggestion on behalf of the federal government to follow up with some consultations of my own in the different provinces. That process has been completed, and it remains now for us to await the ratification and proclamation of the Meech Lake Accord and to begin the second round of constitutional reform, which I hope and believe will lead to a comprehensive reform of the Senate.

Senator Olson: I want to be clear on one thing. The Leader of the Government now says it was the western provinces who commissioned or annointed Mr. Horsman to make this tour to draw up a structure. Is it not true that the Minister of State for Federal-Provincial Relations asked Mr. Horsman to make this tour and to report to him?

• (1450)

Senator Murray: Honourable senators, I had suggested about a year ago that, indeed, we might follow somewhat the same process as was followed in the run up to Meech Lake, where the Quebec minister made a tour of the provinces to explain Quebec's position and I followed up on behalf of the federal government. I had suggested that to Mr. Horsman. I think he was considering the suggestion very positively, but, if I am not mistaken, later the western premiers and finally all ten provincial premiers had agreed that Mr. Horsman and the Government of Alberta should engage in consultations across the country on this subject.

Senator Olson: Now that you have stated that you have completed the process and you have a report from Mr. Horsman on what you asked him to do, does that mean that there is federal endorsation of the so-called Triple-E Senate?

Senator Murray: No, honourable senators. The purpose of my last visit to Edmonton in February or March was precisely to compare notes with Mr. Horsman and the Alberta task force on their tour and mine on the subject of Senate reform. There will need to be further consultations with the provinces. It is no secret that, among the provinces, only Alberta has done a great deal of work on this subject.

As for the position of the federal government, Prime Minister Mulroney has made it clear that at the first constitutional conference following proclamation of Meech Lake he would place on the table a proposal based on an elected Senate.

RANGE OF OPTIONS—REQUEST FOR STATEMENT

Hon. Joyce Fairbairn: Honourable senators, I have a question for the Leader of the Government in the Senate. Would he be prepared to tell this house even the range of options that have been discussed by him with the various ministers across the country? As far as the general public and members of this house know—and as Mr. Horsman has repeated—the proposal for a Triple-E Senate is the issue that is on the table. We know nothing about any of the other ideas that may have arisen in these discussions.

Without identifying the names, could the government leader in the Senate give us a statement on the broad range of options and proposals that have been discussed?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall consider doing that, perhaps in the course of a debate at some point. A good deal of it is public already. This house has had a committee and a report on the question of Senate reform. So, I believe, has the other house at one point.

Premier Ghiz is on the record as the only premier who is opposed to an elected Senate, although he has made it clear that, in the spirit of federalism, he would not be the last hold-out. Prince Edward Island has a position in this matter in favour of an equal Senate—that is equal in representation from every province, but whose members are appointed by provincial governments. That is the position of Prince Edward Island at the moment and Premier Ghiz would like to have the opportunity to argue that case at the federal-provincial conference on this matter.

When Premier Peterson was Leader of the Opposition, he appeared before either a parliamentary committee or the MacDonald royal commission, or perhaps both, to put forward another proposal. That is not officially the proposal of the Government of Ontario at the moment. They are not opposed to the concept of an elected Senate, but, of course, when it comes to discussing equal representation for every province, they would want to satisfy themselves as to the proposed powers of such a body before embarking on a discussion of representation.

So it goes from province to province. There is no province, with the exception of Prince Edward Island, that has taken a position in opposition to an elected Senate. So that is a start.

There are several provinces—Newfoundland as of the other day; British Columbia and Manitoba certainly—which endorse the three-E Senate. Several others, such as New Brunswick and Saskatchewan, endorse it, at least in principle if not in detail.

Senator Fairbairn: I thank the government leader in the Senate for his comments, which are enormously interesting. The issue is of great interest and importance not just to people in this house but to the public, perhaps more in certain provinces and certain areas of the country than in others.

I am wondering, having begun this discussion today, whether the government leader in the Senate would seriously consider taking the opportunity to take us on a tour of the country with him and make a statement in this house.

Senator Murray: You mean verbally?

Senator Fairbairn: I mean a verbal tour of the country—although the other would be appreciated as well.

Senator Frith: Figuratively, not literally.

Senator Fairbairn: I am sure that even a small group of senators would be delighted to accompany the Leader of the Government on some of these visitations across the country.

Senator Frith: On VIA!

Senator Olson: By VIA Rail, yes.

Senator Fairbairn: Will the government leader undertake to give this house a resumé of these discussions as they have occurred to date, rather than leaving us to wait for the bits and pieces that come out in the newspapers from time to time? It would be enormously useful if he could do that.

Senator Murray: Honourable senators, I will read tomorrow what I have said today on the subject to see whether there is some further information that I can properly place before the Senate on that matter at this time. I suspect that I have gone about as far as I can go without taking upon myself the responsibility of speaking for the provinces, which, of course, I cannot do.

Senator Olson: You have not told us where the federal government stands yet.

Senator Murray: Yes, I have. The federal government has now committed itself to an elected Senate.

PARLIAMENT HILL

CONDITION OF ROADWAYS AND SIDEWALKS

Hon. Charles McElman: Honourable senators, I should like to revisit with the honourable Leader of the Government one of my hobby horses, which I hope does not become perennial, because I am sure he is considering action on it.

I have many times raised with him the condition of the Hill. These precincts are one of the jewels in our democracy, visited by hundreds of thousands of Canadians each year. That season when they visit in the greatest numbers is almost upon us, and I notice that not only are the paved streets of the Hill breaking up quite badly in places but the cement walks in areas of the precincts are in dreadful shape.

Despite the frugal approach of the government at this stage, could he not convince his colleagues that this is a place that should have primary attention and repair as a prideful place for Canadians?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable sentors, I shall certainly bring the honourable senator's comments to the attention of the authorities and I shall obtain a report of what plans the government has in this regard.

THE CONSTITUTION

ALLEGED STATEMENT BY PREMIER BOURASSA ON USE OF "NOTWITHSTANDING" AND "DISTINCT SOCIETY" CLAUSES—REQUEST FOR CLARIFICATION

Hon. Douglas D. Everett: Honourable senators, I have a question for the Leader of the Government in the Senate. When I spoke during the debate on the Speech from the Throne I suggested that the Premier of Quebec had stated that, had the Meech Lake Accord been in force through the operation of the "distinct society" clause, he would not have had to use the "notwithstanding" clause. The Honourable Leader of the Government intervened and said that there was no indication at all that the Premier of Quebec had made such a statement.

• (1500)

I have an article from the *Globe and Mail* under the byline of Penny MacRae of the Canadian Press in which she quotes Mr. Rémillard, who, as honourable senators will know, is Quebec's intergovernmental affairs minister. That article states:

> Premier Robert Bourassa's decision to invoke notwithstanding clauses to override the Quebec and federal charters of rights was a "last resort" to protect the sign legislation—Bill 178—from endless court challenges, Mr. Rémillard said.
>
> He has suggested that Quebec might not have been forced to use the clauses if the Meech Lake accord were already ratified. This would be because the use of French as the official language in Quebec would be protected by the accord's "distinct society" clause.

Again, I quote from an article from the Montreal *Gazette* under the bylines of Terrance Wills and Jennifer Robinson. It states:

> An aide to Bourassa said last night the premier's advisers believe that Bill 178 would be legal under the distinct society status given Quebec under Meech Lake. Use of the notwithstanding clause would thereby not be necessary.

In an article that the honourable leader will be aware of, under the byline of Don McGillivray, in answer to a letter the government leader had written to him replying to a previous column, he states:

> In his latest letter, Senator Murray says he finds it disappointing that I continue to make "errors of fact" in commenting on Meech Lake.
>
> This time, he wants me to know that Premier Robert Bourassa has never indicated he wouldn't have had to use the notwithstanding clause in the Constitution to enact his 1988 "inside-outside" sign law, Bill 178, if the Meech Lake accord had been in effect giving power to Quebec to promote its distinct society.
>
> But that's what Bourassa said at a press conference in Quebec City on Dec. 18, 1988.
>
> Benoit Aubin of the Toronto Globe and Mail reported Bourassa "suggested that invoking the notwithstanding clause in the Constitution was necessary because the Meech Lake constitutional accord, which gives Quebec extra powers to protect its French language and culture, has not yet been ratified."

> Peter Maser of Southam News quoted Bourassa as saying that when the Meech Lake accord was ratified "it will be up to us to judge at that time whether that additional protection can allow us to reconsider the continued use of the notwithstanding clause."
>
> And Daniel Drolet of the Ottawa Citizen reported Bourassa as saying that if the accord was ratified it would give Quebec additional powers to protect French. Drolet's report then used the same quotation as Maser's.

Then he goes on from there.

It is true you can interpret those reports of Mr. Bourassa's statements to mean that perhaps he did not say exactly that, but what interests me is that it is also capable of interpretation that he did, in fact, endorse it, because, if Mr. Rémillard and an adviser have stated quite clearly that the "distinct society" clause could be used in lieu of the "notwithstanding" clause, one wonders why Mr. Bourassa then did not say this was not the case. He has allowed it to stand and, if he has allowed it to stand, one wonders, then, if the statements he made could not be interpreted to mean that Mr. Bourassa believes the "distinct society" clause could be used for the purposes of Bill 178 and it would not be necessary to use the "notwithstanding" clause.

I wonder, in light of his intervention, if the government leader would like to comment on that point and tell us why he is so sure that that statement was not made. Perhaps it was not made directly out of Mr. Bourassa's mouth, but it was made by—certainly in the case of Mr. Rémillard—an important minister of his government and it has not been refuted in Mr. Bourassa's statements, and it may well have been endorsed by Mr. Bourassa in the statements reported in Mr. McGillivray's article.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think I am familiar with all of the newspaper reports the honourable senator has quoted. I had a very diligent search and inquiry made in light of those articles to see whether Premier Bourassa had ever said that if the Meech Lake Accord had been in force he would not have had to invoke the "notwithstanding" clause and could have justified Bill 178 under the "distinct society" clause of the Meech Lake Accord.

I have not been able to find that statement by Premier Bourassa and I have been assured that that statement was not made.

Occasionally reference is made to the additional protection that the Meech Lake Accord would give to Quebec and to its cultural and linguistic security. That is true, but the reference is not just to one provision of the Meech Lake Accord, the "distinct society" clause; the reference is to the Meech Lake Accord as a whole and to several other important provisions which improve and increase the cultural security and confidence of Quebec.

In addition to the "distinct society" clause, there is the possibility of Quebec's, as well as other provinces', entrenching agreements on immigration that are made between the federal government and the provinces, a very, very key consideration in Quebec. Another is the provision in Meech Lake that would constitutionalize what is now the statutory right of Quebec to a third of the judges on the Supreme Court of Canada.

Then there is the change to the amending formula, which would add to the list of subjects that require unanimous consent for amendments, including national institutions such as this place and the Supreme Court, the creation of new provinces and so forth.

So the references to Meech Lake in terms of cultural protection are not limited to the provisions relating to the "distinct society" clause.

Finally, I think it must be stated that Premier Bourassa has taken a very firm position with respect to the "notwithstanding" clause precisely because it is so much more powerful a tool than the "distinct society" clause, which is an interpretative clause in the Constitution. Granted, he could invoke it in a court case, as indeed the distinctiveness of Quebec society has been invoked now. That has been taken into consideration by the courts in rendering judgment, but Premier Bourassa obviously recognizes, from his statements on the "notwithstanding" clause, that that is a far more powerful tool than an interpretative clause in the Constitution.

I think he has made it clear—and although I cannot cite the quotations, I think I can find them—that he would never consider trading the "notwithstanding" clause for the "distinct society" clause.

Senator Frith: Or vice versa!

Senator Everett: As honourable senators know, there are a number of people who would not trade the "notwithstanding" clause, but for other reasons, and, indeed, Mr. Bourassa may have other reasons that are not related to this.

• (1510)

I agree that his statements could very well be interpreted in a number of ways, and you could include any one of those from the list that the government leader gave us in the statements that have been quoted by Mr. McGillivray.

However, we cannot avoid or escape the fact that Mr. Rémillard has, I gather, made a statement to the effect that, if the "distinct society" clause was in force, they would not, in this particular case dealing with Bill 178, have had to use the "notwithstanding" clause. That is important, because that is interpretive of what "distinct society" means and what it means when it is in the body of the Constitution.

I should have thought that in checking what Mr. Bourassa said you would have checked—or perhaps you should check—what Mr. Rémillard has said. I will not refer to the adviser, because the adviser is not identified; but Mr. Rémillard, who is an important minister in the government, has made this statement. You have checked as to whether Mr. Bourassa said that, but there is nothing that I can find indicating that Mr. Bourassa refuted what Mr. Rémillard said, having been given an opportunity to do so.

DELAYED ANSWERS TO ORAL QUESTIONS

THE ENVIRONMENT

PREVENTION OF OIL SPILLS IN CANADIAN WATERS—CANADA'S CAPACITY TO DEAL WITH OIL SPILLS—GOVERNMENT ACTION

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question asked on April 4 and May 2, 1989, by the Honourable Colin Kenny regarding the Environment—Prevention of Oil Spills in Canadian Waters—Government Action—Canada's Capacity to Deal with Oil Spills—Government Action.

(*The answer follows:*)

To ensure that a similar incident does not occur in Canadian waters (the *Exxon Valdez* grounding), the Canadian Coast Guard provides a number of services designed to facilitate safe navigation of all vessels, including particularly those with polluting cargoes. These include an extensive network of conventional and electronic aids to navigation, the broadcast of safety information by a network of Coast Guard radio stations, a system of traffic lanes and traffic separation zones in waters with significant volumes of traffic, and a series of vessel traffic management stations which monitor and guide ships through areas of significant traffic or in areas where large volumes of polluting cargo are routinely carried by ship.

In Canada, high level traffic management systems including radar surveillance and real time communications are provided in areas with substantial tanker traffic, and similar systems with VHF radio coverage but without radar are provided in three other sites. The radar equipped sites include Placentia Bay, Newfoundland, Halifax Harbour and approaches to the Bay of Fundy and approaches to Saint John Harbour, the areas of Les Escoumins, Quebec City and Montreal in the St. Lawrence, the Strait of Juan de Fuca and approaches to Vancouver Harbour, B.C., and the lower West Coast of Vancouver Island (from Tofino). Sites monitoring traffic by radio only operate in Prince Rupert, B.C., the Detroit/St. Clair River, and in St. John's, Newfoundland. Participation in these traffic management systems is mandatory for all vessels of over 20 meters length.

This system of traffic management centres with trained regulators and standardized procedures is among the most extensive in the world and has been put in place specifically to reduce the large risk of collision, grounding and striking accidents involving large ships, particularly where they carry polluting cargoes. In addition, Canada has established a unique system to offshore reporting systems (*sic*) in which ships wishing to enter Canadian waters first file with the Coast Guard, by radio, information relating to their voyage and the condition of their vessel to ensure that it meets Canadian standards and does not pose a pollution risk.

Once entering confined waters, a comprehensive system of pilotage provided by the four Crown Corporations responsible for this service ensures that a trained mariner thoroughly familiar with the local area boards each vessel to provide guidance and local expertise.

In addition to these systems designed to facilitate safe passage, Canada also has an extensive regulatory regime under which tankers must meet stringent standards of design, construction, manning and operation. In addition to these standards applying to Canadian flag vessels, Canada imposes additional requirements on foreign flag vessels beyond those already required by International Convention, and requires that ships of foreign registry carry a non-Canadian ship compliance certificate to demonstrate that they meet these standards.

Current Canadian requirements regarding oil pollution prevention are contained in the oil pollution prevention regulations, and non-Canadian ships compliance certificate regulations, both made pursuant to the Canada Shipping Act. Safety regulations regarding construction, equipment, operation, officer certification and safe manning requirements are similarly made pursuant to the Canada Shipping Act.

In addition, under the same legislation, Pollution Prevention officers are created and empowered to take action to prevent a pollution incident within Canadian waters or fishing zones. These powers require that a ship permit boarding and inspection by a PPO, produce information or documents demanded by a PPO, enter or leave certain areas as may be designated by the PPO, all with a view to preventing a pollution incident or mitigating its consequences.

With regard to the supplementary question "on what Canada's capacity would be to deal with a spill, if one should take place", the Canadian Coast Guard has in place multi-level contingency plans for responding to oil pollution incidents. In conjunction with supporting Departments and Agencies (and in particular the Department of Environment and the Department of Fisheries and Oceans), the Coast Guard regularly conducts exercises of its contingency plans and response capability.

The Canadian Coast Guard maintains depots of pollution countermeasures equipment at 50 locations across Canada. The current inventory of such equipment is worth approximately $35 million, and equipment can be moved from one area to another as required in the event of a spill. Several hundred Coast Guard and other Department Personnel have been trained in cleanup operations, and regular training courses are held in marine spill emergency management.

In addition to this capacity within Government, the major oil companies and marine terminal operators and Ports in Canada also maintain significant stocks of pollution cleanup equipment, and have their own contingency plans for their areas of responsibility. Through the Joint

Oil Spill Response Plan (JOSREP) arrangements are also in place between the Coast Guard and Industry to provide additional industry personnel to Government to assist in the management and cleanup of a major incident, should one occur, and the private sector pollution countermeasures equipment is available to Government in such a case.

With respect to the concern expressed that "while there are two cleanup depots in Southern British Columbia, neither of them has the capacity to deal with a spill anywhere near the size of the *Exxon Valdez* spill" no one depot is intended to have the capability to respond to a record size spill such as the Alaskan disaster. Rather, the equipment from all depots, the equipment from the private sector, and the combined personnel and expertise from both Industry and Government would be brought together under the coordination of the Coast Guard, under the Joint Oil Spill Response Plan, in order to deal with such an incident.

With regard to the Honourable Senator's supplementary question of May 2, notwithstanding the various systems and provisions outlined above designed to reduce the risk of a similar accident occurring in Canadian waters, Ministers have recently directed their deputies to carry out a thorough review of the various tanker safety systems, contingency plans and pollution response capabilities currently in place. An Interdepartmental Team under the Chairmanship of the Department of Environment has been established for this purpose, and will be bringing forward recommendations for the Minister of Transport, Minister of Environment and other concerned Ministers over the coming months.

SOLICITOR GENERAL

REPORTS OF CORRECTIONAL INVESTIGATOR—REQUEST FOR TABLING

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question asked by the Honourable Earl A. Hastings on Solicitor General—Reports of Correctional Investigator—Request for Tabling.

Senator Hastings: What? Did I get an answer?

Senator Phillips: We have it for you!

Senator Frith: April 1989?

Senator Hastings: I thought it was 1988!

Senator Phillips: 1989.

(*The answer follows:*)

There is always a delay involved in preparing the report for publication due to editing, translation and printing requirements. The 1986-87 report was delayed further by the election call. Finally, some time was involved in determining whether the report should be tabled once the house resumed sitting or released immediately. The matter was resolved in favour of a prompt release.

[Senator Phillips.]

Contrary to the statement of Senator Hastings, the Solicitor General has not had the 1987-88 Report for almost a year; it was received from the Correctional Investigator on April 6, 1989.

The report is now being translated and prepared for publication. It will be released as soon as possible.

Although it is not mandatory to table these reports in the House, this has been the tradition and it is expected to continue.

HER MAJESTY QUEEN ELIZABETH II

FORTHCOMING VISIT TO U.S.S.R.—CONSULTATION WITH CANADIAN MINISTERS

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question asked by the Honourable Allan J. MacEachen regarding Her Majesty Queen Elizabeth II—Forthcoming Visit to U.S.S.R.—Consultation with Canadian Ministers.

Senator Frith: Can we hear that one? We would like to hear it.

Senator Phillips: If you really want to; the answer is very brief.

Her Majesty the Queen is visiting the U.S.S.R. as Queen of the United Kingdom, on the advice of the U.K. government. She is in no way acting as Queen of Canada in regard to this trip. It would therefore be improper to comment further.

Senator Frith: I don't know why the word "therefore" is there.

NORTH ATLANTIC TREATY ORGANIZATION

NEGOTIATIONS WITH SOVIET UNION—DIFFERENCE OF OPINION BETWEEN PRIME MINISTER THATCHER AND CHANCELLOR KOHL—GOVERNMENT ATTITUDE

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question asked by the Honourable Allan J. MacEachen regarding North Atlantic Treaty Organization—Negotiations With Soviet Union—Difference of Opinion Between Prime Minister Thatcher and Chancellor Kohl—Government Attitude.

(*The answer follows:*)

Canada has advanced several suggestions for the consideration of our NATO allies in an effort to help NATO achieve a compromise in the Short Range Nuclear Forces (SNF) debate.

These suggestions reflect the Canadian position that any NATO decision to undertake necessary modernization should be accompanied by an offer to negotiate reduction on SNF, provided that we exclude the "Third Zero" from the outset.

Alliance security continues to rest on maintaining an appropriate mix of conventional and nuclear weapons. For

this reason, we do not believe that the total elimination of SNF is desirable.

There is no point in publishing the elements of our proposal. Our aim is not publicity, but to seek an agreement that works.

These were discussed with NATO Secretary General Woerner during his trip to Canada earlier in the week. They were also communicated by the Secretary of State for External Affairs in letters to American Secretary of State Baker, British Foreign Secretary Howe and West German Foreign Minister Genscher and presented in the NATO Council on May 3.

The Prime Minister and the Secretary of State for External Affairs will discuss the Canadian suggestions with President Bush and Secretary Baker in a trip to the United States that began May 3.

SPACE RESEARCH

ESTABLISHMENT OF SPACE AGENCY—STATUS OF ROCKET BASE AT CHURCHILL, MANITOBA

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on May 3, 1989, by the Honourable Gildas L. Molgat regarding Space Research—Establishment of Space Agency—Status of Rocket Base at Churchill, Manitoba.

(*The answer follows:*)

We are just in the process of creating the Canadian Space Agency. One of its first tasks will be to review the status of the current long-term space plan and provide the Government with recommendations for the future.

It is too early to prejudge this process.

PARAGUAY

REPORT ON ELECTION—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. B. Alasdair Graham: Honourable senators, with leave of the Senate and notwithstanding rule 44(2), I give notice that later this day I will call the attention of the Senate to the election in Paraguay earlier this week.

AIR CANADA

EFFECTS OF WITHDRAWAL OF SERVICE FROM STEPHENVILLE, NEWFOUNDLAND—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989.—(*Honourable Senator Bonnell*).

Hon. M. Lorne Bonnell: Honourable senators, I am not prepared to enter into this debate today, but I understand that Senator Cochrane is, and, with leave, I would allow her to speak on this subject, with the adjournment being in my name when she has finished.

Hon. Senators: Agreed.

Hon. Ethel Cochrane: I should like to thank Senator Bonnell for allowing me to speak at this time. He was much quicker getting to his feet yesterday than I was.

Honourable senators, as we all know very well, the Senate has a lengthy tradition, in fact, since Confederation, as a forum for the expression and protection of regional interests. It is in that spirit that I rise to speak to you today, as a senator from Newfoundland and, in particular, from the western part of Newfoundland. The issue I am concerned with is transportation—transportation to and from a remote part of an island to the mainland of Canada, to the rest of North America and, through those points, to the rest of the world.

Senator Marshall spoke yesterday about the announcement by Air Canada that it will be withdrawing jet service from the airport at Stephenville, Newfoundland, next month. He has already outlined to this chamber the potentially devastating effects that loss of air service will mean—not just to Stephenville but to the surrounding area of western Newfoundland. He has also informed us about the thousands of letters of complaint received by his office and my office, as well as by the ministers responsible for transportation and privatization, the minister responsible for Newfoundland, and the chairman of the National Transportation Agency.

Stephenville is a fairly small urban community by the standards of central Canada with a population of about 25,000 citizens. But Stephenville is blessed with an airport of international standards which has served the area of southwestern Newfoundland for more than 40 years. Our airport is also the weather alternative for flights to and from Gander International Airport. Flights that cannot land at Gander are diverted to Stephenville for refueling, maintenance, or disembarkation and ground transportation to other points.

Stephenville Airport means much more than that to the people of Stephenville and many other communities in the surrounding area of southwestern Newfoundland. Our fishermen and fish processors are dependent on our jet service to transport fresh fish products to markets in the major population centres of eastern Canada and the United States. Over 1.5 million pounds of fish per year are shipped out through Stephenville Airport. Our business community relies on air service to deliver supplies and for business trips; our consumers rely on air service to deliver the goods they buy—especially since our rail service has been cancelled. Our tourist industry, which has been growing in recent years, can hardly continue to grow if tourists cannot get in and out of the area.

In short, in an island community in a province recently deprived of railway service the people of the Stephenville area have been forced, in the last two decades of the twentieth century, to rely on air travel and air cargo service.

For more than 40 years Stephenville Airport has been served, and served well, by Air Canada. According to its annual report for 1988, Air Canada had an 8 per cent increase in passengers and recorded record profits. According to management at Stephenville, our airport recorded a 12 per cent increase in passengers. In the face of these statistics, knowing the community's reliance on, and support of, air service, and without warning to the community, Air Canada announced on February 1 this year that it would withdraw service from Stephenville Airport, effective June 17.

To add serious insult to grievous injury, Air Canada did not even have the decency or intestinal fortitude to make their announcement in Stephenville. They held a press conference in Corner Brook, without informing the Stephenville media, as Senator Marshall pointed out in his remarks yesterday.

I, like many others, have communicated with the Minister of Transport and the chairman of the National Transportation Agency to request that public hearings be held in Stephenville itself—not in Corner Brook or some other community—concerning this decision by Air Canada. I understand that the Honourable John Crosbie, Newfoundland's representative in cabinet, has made the same request to the Minister of Transport, and I certainly hope that our efforts, and those of Senator Marshall and the voices of the opposition MPs from our area of Newfoundland, bear fruit.

I have also communicated with Mr. Claude Taylor, the chairman of Air Canada. I wish I could report to you some progress from our correspondence, but I cannot. I initially requested two pieces of information from Mr. Taylor: why Air Canada has decided to withdraw service from Stephenville and why their press conference to announce that decision was held in Corner Brook.

The answer to the latter question was that Corner Brook is the media centre of western Newfoundland. That may be, but it is Stephenville's airport we are talking about and the media in Stephenville were not even informed of the press conference. Imagine the reaction if Air Canada decided to withdraw service from the Ottawa airport and announced its decision at a press conference in Toronto—because Toronto, after all, is the media centre of Ontario.

● (1520)

To my other question, what reasons Air Canada had for its decision to withdraw services, Mr. Taylor responded that the majority of passengers using the airport did not originate in Stephenville. Air Canada is replacing its Stephenville service with service by Air Nova, a subsidiary flying out of Deer Lake, a community about 100 miles away from Stephenville.

I have replied to Mr. Taylor, suggesting, first, that the majority of passengers using those flights will not "originate" in Deer Lake. I have also suggested to him that the majority of passengers flying in or out of airports in Montreal, Toronto and Vancouver do not "originate" in those cities. His logic should therefore dictate that Air Canada withdraw service from those airports. Since that is apparently not being done, I am eagerly awaiting Air Canada's reply to the question I asked in the first place: What are the reasons for the airline's decision to withdraw service from a community that has supported Air Canada for more than four decades? A public inquiry might help to shed light on that question, if Air Canada is unwilling to give us an honest answer.

Honourable senators, this is not a trivial matter in the life of a community. This decision will have a devastating effect on the livelihoods of fishermen, businessmen, travellers and people who rely on the tourist industry in the Stephenville area for their incomes. Air Canada's decision could help to destroy the local economy. Bear in mind that if this can happen in southwestern Newfoundland, it can happen in your area too!

I recently received Air Canada's annual report for 1988. The airline's net income more than doubled last year. It went from $46 million to $96 million—a record profit. In 1988 Air Canada inaugurated a new service to Portugal and announced that four more European destinations would be added this year. It is rather disturbing to find that our national air carrier, with the majority of its shares owned by the people of Canada, provides better service to Yugoslavia than it does to Newfoundland.

Senator Frith: That was a cruel shot, but an effective one!

Senator Cochrane: Honourable senators, I saw an Air Canada ad on television a few days ago. The narrator said: "Every day thousands of Canadian businessmen rely on Air Canada to get them to work and to get them back home again." That may be great for larger communities, but this ad is not true for the smaller communities across the country where Air Canada is now withdrawing service.

Senator Marshall spoke eloquently and at length about the impact this action will have on the economy of western Newfoundland—on the businesses our communities have built up over the years, on our fishermen, on the future jobs of the 315 workers at our paper mill. Those jobs, and the jobs of those people who work at Stephenville Airport, provide money that is put into the local and regional economy. And that money creates more jobs, especially in the service sector. Those jobs are in peril, at a potentially great cost in unemployment insurance benefits and welfare payments.

We export fish. What about the jobs lost in our markets throughout North America if we can no longer ship fresh fish from western Newfoundland? Will ACOA have to pay to create new jobs in plants to process frozen fish and to conduct feasibility studies on their marketability? How will we replace the jobs that will be lost in our service sector as a result of this decision?

I ask you this, honourable senators: Did the authors of deregulation and the National Transportation Act really intend that places like Stephenville be abandoned completely under deregulation? Did they intend this to happen to island towns like Stephenville, which have virtually no other transportation links to the rest of Canada? Of the five areas that will be affected by Air Canada's actions, Stephenville is the only one being completely abandoned—

Senator Guay: Shame!

Senator Cochrane: —and there is no requirement in the National Transportation Act for an Air Canada partner or subsidiary to replace the service that is being lost.

Hon. Senators: Hear, hear!

On motion of Senator Frith, for Senator Bonnell, debate adjourned.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Monday next, 8th May, 1989, at two o'clock in the afternoon.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we discussed earlier one reason for coming back on Friday or Monday, but that reason, I am informed, no longer exists, because leave was not given in the other place for Bill S-2 to proceed through three readings. Therefore, there is no requirement for us to come back before Tuesday. The only reason that could be advanced for our coming back on Friday or Monday is the fact that the government will be obtaining a vote for interim supply in the other place tonight, I believe, or tomorrow. Another fact worth mentioning is that the Governor General's warrants expire next Friday, or so I have been informed by Senator Doody.

Senator Doody and I have discussed these two matters; that is, the adoption by order of the House of interim supply tonight or tomorrow in the other place and the need of the government, because of the expiry of Governor General's warrants, to have interim supply dealt with next week. Senator Doody said to me that if I were to suggest that the Senate did not have enough time to debate supply, then he would have to ask that the Senate return on Friday or Monday, which I said was a reasonable proposition. But we are not going to raise the question of time, and I will undertake to honourable senators that we will not. This is not just a matter of convenience but is because the real debate on the issue of supply takes place in the Standing Senate Committee on National Finance, which has been dealing with the Estimates now for the last two days.

Therefore, I see no reason why we should come back on Monday. I am completely fulfilling my undertaking and my agreement with Senator Doody when I move, in amendment, that the adjournment motion read:

> That the motion be not now adopted but that it be amended by striking out all the words after the word "adjourned" and replacing them by the words "until Tuesday next, 9th May, 1989, at two o'clock in the afternoon."

• (1530)

Senator Phillips: Honourable senators, the matter of Royal Assent no longer applies, as Senator Frith has indicated. It was impossible to receive unanimous consent in the other place.

Senator Frith: I was not suggesting that there was anything misleading in that respect. Senator Phillips has informed me that Royal Assent is no longer an issue.

Senator Phillips: Senator Frith has referred to his commitment not to raise the time element and complain that the Opposition did not have the opportunity to debate the interim supply bill. However, there is another very pressing element to the time factor, and that is the expiry of the Governor General's warrants.

Senator Frith: I have mentioned that.

Senator Phillips: As Senator Frith has indicated, they expire on May 15, and May 12 would be our last possible day to pass those. It would be inappropriate for the Senate to meet for two or three days only and then fail to pass the interim supply bill.

I would point out, honourable senators, that we have no commitment that supply will be provided by the weekend. Without an agreement between the two parties that supply will be provided, I feel the Senate should do its duty and meet on Monday, May 8.

Senator Frith: Honourable senators, there is no connection whatsoever between sitting on Monday and a commitment on interim supply. That has nothing to do with sitting on Friday or Monday. That is why I moved the amendment.

The Hon. the Speaker: It is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Macquarrie, with leave of the Senate and notwithstanding rule 45(1)(*g*):

> That when the Senate adjourns today, it do stand adjourned until Monday next, 8th May, 1989, at two o'clock in the afternoon.

In amendment, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Fairbairn:

> That the motion be not now adopted but that it be amended by striking out all the words after the word "adjourned" and replacing them by the words "until Tuesday next, 9th May, 1989, at two o'clock in the afternoon.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Agreed.

The Hon. the Speaker: Is it your pleasure to adopt the motion as amended?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Your Honour, we should like a recorded vote.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1540)

The Hon. the Speaker: The doors of the chamber will now be locked.

Motion, as amended, carried on the following division:

YEAS

THE HONOURABLE SENATORS

Anderson	Lewis
Bonnell	McElman
Bosa	Molgat
De Bané	Olson
Everett	Perrault
Fairbairn	Petten
Frith	Robichaud
Gigantès	Steuart (*Prince Albert-Duck Lake*)
Graham	Stewart (*Antigonish-Guysborough*)
Guay	Turner—25.
Haidasz	
Hastings	
Hays	
Hébert	
Hicks	

NAYS

THE HONOURABLE SENATORS

Balfour	Murray
Bolduc	Phillips
MacDonald (*Halifax*)	Robertson
	Roblin
Macquarrie	Simard
Marshall	Spivak—12.
Muir	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: Let the doors be opened.

• (1550)

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Graham*). (*6th day of resuming debate*).

Hon. B. Alasdair Graham: Honourable senators, I yield to Senator Spivak.

(*Translation*)

Hon. Mira Spivak: Honourable senators, I am pleased to speak today in reply to the Speech from the Throne of April 3, 1989.

It is comforting to note that the government has included environmental protection among its four main objectives. No previous government has given the environment such high priority, but none before has had to face threats of such unprecedented scale and scope to the life of our planet.

Hon. Royce Frith (Deputy Leader of the Opposition): I congratulate you on your French. Well done!

[*English*]

Senator Spivak: In the words of the conference statement of the International Conference on the Changing Atmosphere, endorsed by over 300 scientists, policymakers and environmentalists from over forty countries:

> Humanity is conducting an unintended, uncontrolled, globally pervasive experiment whose ultimate consequences could be second only to a global nuclear war.

The experiment involves changing the earth's atmosphere through pumping the so-called greenhouse gases—carbon dioxide, nitrogen oxide, tropospheric ozone, clorofluorocarbons and methane—into the air in unprecendented quantities and at an unprecedented rate.

Our mindless tampering with the earth's life support system does not end there. We are acidifying the atmosphere, causing acid rain but also acid fog, acid snow and dry deposits of acidic matter. More frightening still, we are destroying the stratospheric ozone layer—that thin blanket of gas that protects all life on earth from the sun's most harmful rays. Changes to the chemistry of the atmosphere also occur due to human activities that we might not realize aggravate the problem of global climate warming. Deforestation around the globe is responsible for 20 per cent of the greenhouse effect. Every single day we lose 74,000 acres of tropical rainforest.

During this conference, which was attended by Senator Fairbairn and myself, conference delegates shared a sense of urgency about the global environmental crisis. Scientists were concerned about irreversible changes. We are losing ground on many fronts: deserts, forests, ozone layer, acidification, and man-made climate changes.

I was fortunate to be present at that historic conference. It is perhaps because of that experience that I am impatient with the lack of progress toward environmental protection and skeptical that politicians, who are, after all, entrusted to act in the public interest, do not yet understand and appreciate the urgency of the task.

The Speech from the Throne promises the strong support of the government for the key recommendation of the World Commission on Environment and Development—known as the Brundtland Report—for "sustainable development". That concept, which is gaining adherents around the world, holds that

we should pursue only development that meets the needs of the present without sacrificing the ability of future generations to meet their own needs. It calls for a fundamental re-examination of the way we lead our lives, the way we do business, and the way we govern. Despite the good words of the throne speech, however, I must sadly conclude that we are a long way from understanding their meaning. Allow me briefly to examine key areas of economic activity for signs that they are "sustainable" within the Brundtland definition.

It has been nearly a year since the Conference on the Changing Atmosphere and yet no government has accepted the key recommendation, which was that carbon dioxide emissions be reduced by 20 per cent by the year 2005. This is an absolute minimum. Scientists present at the conference doubted that such a move would do more than slow the onset of global warming, but felt that, with the time borrowed by those reductions, humankind might be able to find alternatives for our energy needs. It was recommended that half the reduction could be accomplished through energy conservation measures.

The Government of Canada deserves credit for having hosted and organized the conference. Environment Canada spent something in the order of $1 million in that effort, yet no action has been taken and no commitments made by any country in the world to meet the target of a 20 per cent reduction in carbon dioxide emissions.

When speaking to the opening session of that conference the Prime Minister heralded a Canadian commitment to an environmentally sensitive energy strategy. However, announcements by the government of frontier oil and gas extraction and other mega projects, while at the same time the budget of the alternative energy section of the Department of Energy is cut, make it difficult to recognize that, within this country's energy policy, sufficient notice is being taken of the greenhouse effect or that our energy policy is sufficiently guided by environmental concerns.

While the words of the throne speech are welcome, unfortunately, no mention is made therein of the immediate need to reshape our energy policies. We must throw the weight of the government's technical, scientific and financial resources into aggressive conservation measures, the development of new alternative energy sources, and the increased commercial exploitation of existing alternatives such as photovoltaic cells to capture the sun's energy, small-scale hydro and wind power. Our transportation strategy needs to be overhauled. Subsidies to highways need to be rationalized and justified against the need to develop energy efficient mass transportation. We need to find the fiscal incentives to discourage the use of automobiles in urban areas. Far from accepting the notion that Canada in the year 2005 will have more automobiles than Canada in 1989, we should dedicate ourselves to reducing the number of cars and providing convenient mass transit, while increasing the efficiency of cars on the road.

The decision to reduce the subsidy to VIA Rail in the recent Budget I hope does not reflect a misunderstanding of the true costs of increasing reliance on the internal combustion engine and highways as the main carriers of passengers and freight across Canada. That cost can be measured in increased emissions of carbon dioxide and nitrogen oxides, and the formation of photochemical smog, ground-level tropospheric ozone and other pollutants. The harvest of these emissions is global warming, flooded coastal regions, drier prairies, dust-bowls, increased damage to our forests and the loss of air quality, with its attendant hazards to human health.

● (1600)

Our energy strategies are not sustainable, but what of those industries that we intuitively regard as endlessly regenerative, our renewable resources—forestry, agriculture and fisheries? Are we currently practising sustainable development in these key areas of our economy?

Our agricultural policies have encouraged overproduction and a monocultural mind-set on the prairies. Grain is grown on every available cultivable inch of land, while the price per bushel fluctuates and the debt load of farmers goes through the roof. The measures taken by the Prairie Farm Rehabilitation Administration after the dust-bowl days of the Depression—incentives to maintain hedgerows, to alternate crops, and to leave land fallow—have been replaced with a subsidy program that encourages overproduction, the exploitation of marginal lands, overuse of pesticides, erosion, and the loss of wetlands and wildlife habitat. The then Standing Senate Committee on Agriculture, Fisheries and Forestry in its 1984 report entitled "Soil at Risk: Canada's Eroding Future" estimated that soil degradation was costing Canadian farmers more than $1 billion annually in farm income, as well as depleting the productive capability of our soil. Agriculture Canada estimates that annual on-farm soil degradation costs are about $1.3 billion, and could exceed $2 billion per year by the end of this century. Peter Fehr, head of soil conservation planning for the PFRA, said that a two-year-old study by the PFRA showed that as many as seven million acres in crop production on the prairies were marginal. This can be found in the *Western Producer* of April 6, 1989.

Half of Canada's endangered species are found in our prairies. Despite well-intentioned programs aimed at wildlife restoration, such as the North American Waterfowl Management Plan, restructuring the agricultural subsidy programs could accomplish more faster than using any other single lever available to government. At this point it is clear that our agricultural activities are not yet sustainable, even though laudable steps are being taken through soil and water accords now being negotiated between federal and provincial governments.

What of our forestry practices? As Canadians, we have seen ourselves as hewers of wood and drawers of water. We are keen to put that image behind us in a swirl of high technology. Yet forestry accounts for an annual contribution of $37 billion and provides some 800,000 direct and indirect jobs. Forests have more than this impressive economic value. They are also an important part of any water and soil conservation strategy, as well as a contributor to global climate regulation through the absorption of carbon. The forests provide habitats for wildlife and fish and are a source of recreation, both consump-

tive and nonconsumptive. All this is only possible by healthy and genetically diverse forests.

Given the enormous importance of the forests to Canada's environment and economy and the longstanding principle of sustained yield of our forests, here, at least, Canadians should be able to find an example of "sustainable development" at work. However, despite departments of forestry in every province and a new federal Ministry of State for Forestry, the resource is being seriously mismanaged. The current Minister of State for Forestry, the Honourable Frank Oberle, asked some years ago, "What would happen if Canadians realized their children would inherit an economy from which the chief engine had been removed by simple mismanagement?" In 1988, in his most recent report to Parliament, the Auditor General took aim at the federal subsidy program, pointing out that wood shortages were being reported in every province and that forest managers lacked the basic information—that is, up-to-date inventories from which annual allowable cut figures could be extracted. The reality is that we are cutting our forests faster than they can regenerate, and we are only replanting 20 per cent of the area harvested. Twenty per cent! I was amazed to see that figure. Significant areas of our forested land are now classified "NSR", or "not sufficiently restocked", and that area is growing by 200,000 hectares per year.

Far from enhancing the many benefits of a diverse forest ecosystem, modern forestry favours the creation of even-aged monocultures, maintained through the use of insecticides and herbicides and harvested through the ecologically devastating and wasteful practice of clear-cutting. This type of forestry reduces the likelihood of natural regeneration as huge tracts of landscape, reduced to moonscape, are not as readily naturally reseeded as are areas that have been selectively logged or strip-cut. Between 1976 and 1986 the area of forest clear-cut increased dramatically—from 571,210 hectares to 813,410 hectares.

In some ways we are inured to the damage that is being done to our forests by the historical fact that the European settlers have always logged. The reality is, however, that we are logging at an unprecedented rate, using new and intrusive technologies. We are logging the last and best of our forests as if there were no tomorrow. For instance, about 45 per cent of the wood now being cut in Canada comes from British Columbia. Much of that harvest is coming from the very last stands of so-called "old-growth forest"—trees that took between 300 and 800 years to grow. These trees have a huge economic value, as a single one of these last giants has more wood fibre than a dozen or more second-growth trees. These ancient forests are more than just future timber revenue. Many spokesmen look at them as just wood. They are the richest, most ecologically diverse ecosystem on this continent. They provide for salmon stocks, maintain healthy streams and watersheds and are habitats for eagles and grizzly bears. The temperate rain forests of British Columbia support a much larger biomass and hold more carbon out of the atmosphere than their tropical cousins. In a real sense, old growth forests

[Senator Spivak.]

are non-renewable. They are part of our natural heritage. Unless one is prepared to wait another 800 years for that renewal, they do not grow back to their full and rich biological wealth.

The forest industry, however, acts as though the second-growth forest will be an adequate replacement for the ancient forest they are clear-cutting. In fact, this will lead to what foresters call the "fall-down effect". In other words, as the last old-growth forest is replaced with new growth, the volume per hectare at harvest will be drastically reduced. Think of it as dwarfs replacing giants, but taking up the same floor space. The projections for harvesting will have to be revised downward, hence the "fall-down effect". If current rates of clear-cutting of British Columbia's old-growth forests continue, all economic areas of the ancient forest will be gone within 17 years. Is this sustainable?

• (1610)

I do not want to leave the impression that over-cutting and poor forest management practices are restricted to British Columbia, although the descriptive phrase employed by former Minister of Trade, the Honourable Pat Carney, to describe her province's forests does come to mind. She called them "silvicultural slums". The problem of overcutting and not adequately restocking forest land is a problem in every province.

In my own province of Manitoba the provincial government has just happily announced a deal whereby a major pulp and paper company, Repap, will take over the ailing Manfor plant and receive cutting rights to one-fifth of the province. The company's plans include increasing the harvest of these lands threefold. Trees up north take about 115 years to grow to any size. And all this has been approved without any environmental assessment, before the deal is signed!

Moreover, as Manitoba's Environment Council recently pointed out, Manitoba does not have an adequate biological and ecological inventory of the northern part of the province. We are giving away the last great tracts of boreal forest at bargain-basement rates. We won't have another chance to preserve our forests. We won't have another opportunity to ensure that harvesting is sustainable. We need to decide how much of our forests should be left unspoiled—those crown lands that belong to the people. Or will our descendants know wilderness only through film and video? Are tourism and recreation less important and less valuable industries than forestry?

Of course, all of the above does not even begin to take into account the impacts on forestry of our other wasteful activities. The burning of coal, the use of automobiles and smelting all contribute to acid rain, which causes "maple die back" and other forms of forest decline. The greenhouse effect may hold the greatest threat to our forests by heating the climate and moving temperate zones further north. The climate will move far faster than soil and trees. The irony is that rapid deforestation will hasten the enormous disruption caused by global warming and will ultimately devastate the forest industry.

(*Translation*)

This overview only gives a glimpse of the crisis affecting Canada's forests, but it is sufficient to conclude that present practices can only lead us to disaster.

[*English*]

The fishery is another important area of economic activity which is allegedly maintained on a sustainable basis; yet fishermen on both coasts complain that the fish stocks are depleted. Off-shore trawlers are often blamed, but in-shore fishermen as well fear that the quotas may be too high. The reality is that, despite efforts of government scientists in the Department of Fisheries and Oceans, no one really knows where all the fish have gone; no one can yet assess the damage being done to the entire marine environment—from the largest mammals in the world, the whales, to the minute phytoplankton which supply the bulk of the earth's oxygen—as a result of toxic chemicals, sewage, pesticide run-off, oil spills and other man-made, suicidal pollution of the oceans.

I have already confessed to being impatient. I have children and young grandchildren, as do many of you, who will not forgive me for being less. The choices for our grandchildren, perhaps our children, for a good quality of life are being curtailed or foreclosed. However, I am also familiar with the ways of government and the exigencies of politics. I know that miracles do not happen overnight and that "sustainable development" is a goal that may never be reached unless we start now. Despite the pledges of the throne speech, we need more than words to begin the transition from shortsighted, short-term, profit-driven decision-making to that which takes the global, long-term view. We must seriously worry about a world in which there are more species of nuts and bolts than of birds.

I welcome the creation of the National Round Table on the Environment and hope that they will tackle the key areas of our economic activity and challenge fundamental assumptions about the way we do business. I urge all governments to move quickly in the direction of implementing the national task force report—and Canada was first to implement the Brundtland report—which will make it possible for Canada to assume a world leadership role on sustainable development. It will mean tough decisions and it will not be easy.

This government has accepted the premise that environmental concerns must be central to all decision making—not marginalized or segmented. It has accepted the value that government must speak for the public interest in this area, but, until all the decisions of government are measured against the yardstick of their contribution to global survival, we must be impatient. It is the key ingredient to survival. When Prime Minister Brundtland was asked what was the most important word in the Report of the World Commission on Environment and Development, she answered, "Now." Just as one of the ancient prophets of my people said many thousands of years ago, "If not now, when?"

(*Translation*)

We must not only commit ourselves to protecting the environment, but we must also act without delay. The future of us all depends on it.

[*English*]

Our common future depends on it.

Hon. Senators: Hear, hear!

On motion of Senator Graham, debate adjourned.

PARAGUAY

REPORT ON ELECTION

Hon. B. Alasdair Graham rose pursuant to notice of earlier this day:

> That he will call the attention of the Senate to the election in Paraguay earlier this week.

He said: I want to thank honourable senators for permitting me to make a few observations with respect to the election in Paraguay last Monday.

I returned today from that country where I was the co-leader of an observer delegation sponsored by the National Democratic Institute for International Affairs based in Washington, D.C. Its chairman is former Vice-President Walter Mondale and the president is J. Brian Atwood. In the past five years the institute has achieved a very commendable reputation for its role in the cause of human rights and in promoting freedom and democracy around the world.

The delegation included political party leaders, legislators and representatives of public policy institutes from Latin America, Europe, the United States and, of course, Canada. I should point out that the U.S. component of the delegation comprised both Republicans and Democrats.

I want to thank Senator McElman for his words of welcome back to this chamber. Some people have suggested that I am invited on these election-observer missions in other countries in the hope that some time I will get it right back home.

We observed the election in five different regions of Paraguay: the capital city of Asuncion, Concepcion, Ciudad del Este, Encarnacion, Villarica.

To say the least, it was an historic occasion. For the last 35 years Paraguay has lived under a brutal and repressive dictatorship, and in that time there was a very close interaction between the military and the ruling Colorado Party. General Andres Rodriguez became provisional President at the time of the military coup that ousted former President Stroessner on February 2 of this year. The three-month period since then did not provide the preconditions necessary for free and fair elections. The opposition parties faced the new circumstances without ever having had the opportunity or the experience of real participation in the past.

● (1620)

I should acknowledge that there have been some notable changes since the coup. One only has to recall that just three months ago Paraguay lived outside the community of democratic nations. It has since taken several significant, if tentative, steps towards meeting its international human rights obligations and ensuring respect for the rule of law.

Some of these steps were evident in the comparative openness of the campaign which preceded the election. We were told that persecutions of persons, and other serious human rights violations, diminished significantly during this time. Restrictions on the press were lifted and several newspapers, which had been shut down in the last few years, resumed publication. Political parties that existed underground were recognized.

Given these circumstances, the opposition parties, despite not having achieved their demands for changes in the electoral process, decided to participate in the elections and they hoped to use them as a vehicle for an ongoing democratic transition process.

The conduct of the elections was far from perfect. Our delegation observed many irregularities and instances where the election law was violated. In many cases there was clear evidence of an intent to commit fraud. Many of the irregularities were the result of an election law designed to ensure that the Colorado Party maintained power. Significant electoral reform is required, and it is hoped that these matters will be dealt with prior to the scheduling of any further elections, whether local or national.

As for the more serious election law violations, these related to the political culture in which undemocratic sectors of the Colorado Party dominated all aspects of Paraguayan society for many years. Changing this culture poses a major challenge for Paraguayans, both for those within the Colorado Party and for those who have challenged the Colorado Party's political domination over the years. It will require massive education for the citizens of Paraguay regarding the responsibilities and the rights of living in a democratic society.

In that respect, honourable senators, I would hope that Canada, which we often boast is the freest country in the world, along with the appropriate institutions within our country, would be prepared to lend a generous helping hand in the whole education process. It is also worthy of note that the National Democratic Institute for International Affairs has helped significantly in establishing in Paraguay a centre for democratic studies. Its good work is already evident in that country.

The election must be regarded not as an end but as a beginning in the effort to change the Paraguayan political culture. Indeed, our delegation observed many instances where representatives of different parties worked together in a spirit of cooperation. The government, which will be led by President Andres Rodriguez and dominated by members of the Colorado Party, has committed itself to change. Only time will tell. As the old saying goes, the proof will be in the pudding.

The mandate given to President Rodriguez was in recognition of his commitment to this end. It was also a vote of hope that Paraguay's institutions and practices will be improved, strengthened and fortified. Specifically, commitments have been made by the President and other leading Colorado Party officials to reform the electoral law and the constitutional framework.

To accomplish the goal of creating a democratic Paraguay, changes should occur as a result of dialogue and negotiations between the various Paraguayan political sectors. Responsible political opposition, whether organized in parties or expressed in the media, should be encouraged.

True democracy requires the spirited and conflictive exchange of ideas and an unerring predisposition to compromise and to resolving all conflicts peacefully.

During my stay in Paraguay, both before and after the election, I met with the publisher of what was described as the newspaper with the largest circulation in the country. The paper was shut down by the government on March 22, 1983. It resumed publication on March 22 of this year, after press restrictions were lifted. Last weekend, before Monday's election, the publisher spoke with me about the enormous economic potential in the country. On Tuesday, on the way to his home for a visit, I asked him if he was pleased with the outcome and he replied, "It was better than I expected." I said, "Do you mean the results?" He said, "No. I was afraid that there was going to be widespread shooting and bloodshed, and there was none."

Having said that, I want to say that we were received with great courtesy by the Paraguayan people. I was encouraged by the number of young people, the new generation, who participated actively; but, really, it was the little people living well below the poverty level who greeted us with a smile and a warmth that made us feel very much at home.

Honourable senators, any conclusion about the significance of the May 1 elections will ultimately be based on where they lead. If the elections are to represent a serious move towards democracy, then reforms must begin immediately. It is hoped that the international community, including Canada, will continue to monitor future developments in Paraguay and will provide meaningful support for the emerging democratic institutions in that part of the world. However, in the final analysis, the future of democracy in Paraguay is obviously in the hands of the Paraguayan people themselves.

Hon. Senators: Hear, hear!

The Hon. the Acting Speaker: If no other honourable senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until Tuesday, May 9, 1989, at 2 p.m.

APPENDIX "A"

(*See p. 136*)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTH REPORT OF STANDING COMMITTEE

THURSDAY, May 4, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIFTH REPORT

Your Committee recommends the approval of the New Premium-sharing Arrangements for Senators' Group Surgical-Medical Insurance Plan (GSMIP), as described in the Appendix to this Report.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX

SENATORS' GROUP SURGICAL-MEDICAL INSURANCE PLAN (GSMIP) LEVELS 2-3

Background

The Senate and the House of Commons have been advised by Treasury Board (T.B.) that improvements to the Group Surgical-Medical Insurance Plan (GSMIP) are extended to both Houses of Parliament should Senators and Members of the House of Commons wish to take advantage of these benefits. The House of Commons recently recommended to the Treasury Board that these improvements be extended to Members of the House of Commons.

Improvements

Treasury Board would pay 50% of the additional premium on behalf of Senators for coverage under levels 2 and 3 of the Optional Hospital Benefit portion of the GSMIP.

The following table indicates the monthly pro-rated costs to be borne by Treasury Board:

		Present Pro-rated Cost		Total Cost	Recommended Pro-rated Cost		Total Cost
		Sen.	T.B.		Sen.	T.B.	
Level 2:	Single	$1.85	$0.40	$2.25	$1.12	$1.13	$2.25
	Family	4.50	1.35	5.85	2.92	2.93	5.85
Level 3:	Single	2.60	0.40	3.00	1.50	1.50	3.00
	Family	6.45	1.35	7.80	3.90	3.90	7.80

The incremental annual costs to the Government for these improvements would be approximately $2,000.

The effective date of these benefits will be communicated to Senators as soon as Treasury Board informs the Senate.

THE SENATE

Tuesday, May 9, 1989

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

Prayers.

[*Translation*]

APPROPRIATION BILL NO. 1, 1989-90

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-14, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1990.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Phillips, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

CONSTITUTIONAL ACCORD, 1987

REPORT OF SPECIAL JOINT COMMITTEE TABLED

Hon. Arthur Tremblay: Honourable senators, pursuant to rule 84, I have the honour to table the report respecting expenses incurred by the Special Joint Committee of the Senate and the House of Commons on the 1987 Constitutional Accord during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*English*]

FISHERIES

ATLANTIC PROVINCES—ADVERSE EFFECTS OF OFFSHORE OIL AND GAS DEVELOPMENT—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, May 11, 1989, I will call the attention of the Senate to the subject of oil versus fish, indicating the possible adverse effects of offshore oil and gas development on the east coast fishery and Atlantic marine habitat.

QUESTION PERIOD

DELAYED ANSWERS TO ORAL QUESTIONS

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—AVAILABILITY OF PAYMENTS

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on April 4, 1989, by the Honourable Gildas L. Molgat regarding Agriculture—Western Canada—Drought Relief Program—Availability of Payments.

(*The answer follows:*)

Every effort is being made to deliver assistance under the Canada Crop Drought Assistance Program (CCDAP) in the fastest and most equitable manner possible.

Interim payments under the CCDAP started going out to producers on March 28, 1989, which is approximately the same time frame as the interim payments made last year under the Special Canadian Grains Program (SCGP).

As of May 7, 1989, a total of 50,988 interim cheques have been mailed. CCDAP administration will continue making interim payments as long as this does not interfere with delivery of final payment.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—CLASSIFICATION OF ZONES

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on April 4, 1989, by the Honourable H.A. Olson regarding Agriculture—Western Canada—Drought Relief Program—Classification of Zones.

(*The answer follows:*)

Drought zones under the Canadian Crop Drought Assistance Program (CCDAP) were designated based on preliminary yield loss data since final 1988 yield data will not be available from the provincial crop insurance agencies until late May 1989.

In the absence of final data, this approach provided the only method of making interim payments to as many producers as possible before spring seeding. When the final data does become available, all townships will be reassessed according to actual yield loss figures.

Because final payments will be township-specific, the three drought zones used for interim assistance will no longer be relevant. Final payments will be appropriate to the level of yield loss experienced in each township and will be adjusted to reflect funds already provided by the interim payments. It should also be pointed out that final

payments will be crop-specific as well. This will ensure an even more equitable and accurate method of payment calculation for all affected producers.

Producers with questions about any aspect of the CCDAP should call the toll-free information line at 1-800-267-6343. The capacity of the toll-free lines has been doubled to ensure that producer inquiries are handled promptly.

AGRICULTURE

GRAIN—INITIAL PRICE FOR 1989-90 CROP YEAR—GATT NEGOTIATIONS—INTERNATIONAL GRAIN SUBSIDIES—REQUEST FOR PROGRESS REPORT

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on May 2, 1989, by the Honourable H.A. Olson regarding Agriculture—Grain—Initial Price for 1989-90 Crop Year—GATT Negotiations—International Grain Subsidies—Request for Progress Report.

(*The answer follows:*)

The Minister of State (Grains and Oilseeds) announced the 1989-90 initial payments for Canadian Wheat Board (CWB) grains on April 26. Although the payments for the coming crop year are down from the current 1988-89 initial payments, they are higher than the initial payments set April 1988 for the current crop year. The attached sheet shows the initial payments for each of the CWB's pool accounts for the coming year compared to levels originally set for 1988-89 and the levels to which 1988-89 initial payments were subsequently increased.

The initial payments set for the coming crop year reflect current expectations. The world grain market situation is currently very volatile. Because of the 1988 drought, production dropped and world supplies decreased leading to the higher 1988-89 prices. The international Wheat Council is currently forecasting a world wheat crop of 538 million tonnes, which would be in approximate balance with expected demand. Farmers in both the United States and in Canada have indicated that they intend to seed greater areas to coarse grains and to durum wheat. Normal crops would increase world supplies and could lead to some decline in prices in the coming year.

The government will be monitoring the market situation closely throughout the growing season and will increase initial payments if warranted by the market situation.

I should also like to table a copy of the Canadian Wheat Board's current issue of *Grain Matters*, which includes a detailed review of the market factors affecting prices for wheat, durum, and barley. The comments underscore the uncertainty and volatility that characterize the world grain market at the present time.

Initial payments for the 1989-90 crop year will be lower than current levels but are higher than those prices originally set for 1988-89. Initial payments for wheat and durum for the 1988-89 crop year were increased twice to reflect changes in world markets and initial payments for barley were increased once.

Pool account	1988-89 Announced Apr/88	1988-89 Increased Jul/88	1988-89 Adjusted Nov/88 Mar/89	1989-90 Coming Crop Year
	$ per tonne ($ per bushel)			
Wheat	120 (3.27)	150 (4.08)	170 (4.63)	155 (4.22)
Durum Wheat	125 (3.40)	175 (4.76)	190 (5.17)	150 (4.08)
Barley	65 (1.42)	120 (2.61)		85 (1.85)
Designated Barley*	125 (2.72)	180 (3.92)		115 (2.50)

*The CWB has changed the base grade for designated barley for the 1989-90 crop year from Special Select Canada Western Six-Row Barley to Special Select Canada Western Two-Row Barley. The current 1988-89 initial payment for Special Select Canada Western Two-Row Barley is $190 per tonne.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—GOVERNMENT COMMITMENT

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on May 2, 1989, by the Honourable Hazen Argue regarding Agriculture—Western Canada—Drought Relief Program—Government Commitment.

(*The answer follows:*)

Funding for the Canadian Crop Drought Assistance Program (CCDAP) has not been changed in any way as a result of the budget. The participating provinces have been informed that they are expected to contribute their 50 per cent of the program and cost-sharing negotiations are still ongoing.

The Treasury Board has approved a 1988-89 Supplementary Estimate for $30 million and a 1989-90 Supplementary Estimate for $395 million, for a total of $425 million.

[*Translation*]

APPROPRIATION BILL NO. 1, 1989-90

SECOND READING

Hon. Jean-Maurice Simard moved the second reading of Bill C-14, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1989.

He said: This bill provides for the interim sums required at the beginning of the financial year. The Estimates for 1989-90 have been tabled in the Senate on May 2, 1989 and immedi-

ately referred to the Standing Senate Committee on National Finance.

[*English*]

This appropriation bill contains thirty-three billion, one hundred and nineteen million, eight hundred and twenty thousand and twenty dollars of "voted" items which are needed to meet government interim expenditure requirements while the Main Estimates are being reviewed by the various committees. A second appropriation bill will be tabled in October 1989 to secure release of the balance of the estimates.

Honourable senators, this bill contains a general proportion of nine-twelfths of all votes, plus additional proportions for some 26 votes. The additional proportions are required mainly to meet payments of a seasonal nature in some programs, to meet payments in accordance with certain agreements, and the need in other instances to make major payments before the end of October.

Senator Frith: Excuse me, was it nine-twelfths?

Senator Simard: Nine-twelfths, yes, Senator Frith.

I should also point out that, as usual, in no case is Parliament being asked to pass the entire amount of a vote.

[*Translation*]

Therefore, honourable senators, I am entirely at your disposal should you require further explanations.

[*English*]

Hon. John B. Stewart: Honourable senators, by this bill the government asks the Senate to agree to the appropriation of supply for nine months. The next appropriation bill, presumably, will not need to be enacted until January 1, 1990. As far as we now know, this bill, C-14, will be the only appropriation bill to pass Parliament for a period of a year and a half, from June 1988 to December 1989.

This is not a normal interim supply bill. We are being asked to agree quickly to three-quarters—indeed, more than three-quarters—of the total supply for the entire year 1989-90, as set forth in the Main Estimates, even though those Main Estimates were presented to Parliament only a few days ago. They were presented in the House of Commons on Friday, April 28. They came to us last Tuesday, one week ago today. I have not yet received a copy of Bill C-14, although I am now speaking on a motion that the bill be now read the second time. The size of the advance sought for unexamined expenditure proposals is staggering. Three-quarters of the total, on my amateurish calculation—I have not seen the bill—is some $33 billion.

But there is a far more important reason why Bill C-14 deserves attention. Honourable senators, by voting for the passage of this bill you will be giving statutory confirmation to the way in which the government has used Governor General's special warrants this year. What the government has done is unprecedented. By voting for this bill you will be giving statutory approval to a totally new interpretation of section 30 of the Financial Administration Act; indeed, you will be voting for a major constitutional change. This afternoon I hope to persuade you that Governor General's special warrants were used improperly in January, in February, in March and again in April. I hope to be able to convince you that you ought not to place your imprimatur on this new way of appropriating money for ordinary purposes when it can be appropriated by Parliament. This matter was raised last Wednesday and Thursday in the Standing Senate Committee on National Finance, to which the Main Estimates were referred immediately. As a result, the points on which there is agreement and the points on which there is disagreement are already fairly well known.

• (1410)

There is no disagreement about the facts. The first session of the new Parliament began on December 12, 1988. On December 16 the government presented Supplementary Estimates (B) to the House of Commons, thus revealing that even then it knew that there was a need for additional supply. The government's need for additional supply, in other words, was not unforeseen.

On December 30, on government motion, the House of Commons adjourned until March 6, even though the government had made no effort to have Supplementary Estimates (B) approved by the House of Commons. The Senate also adjourned on that day. As honourable senators know, we cannot deal with appropriation bills until they have passed the House of Commons. To meet its foreseen requirements, the government first exhausted Treasury Board Vote 5, the contingency vote. Having exhausted that vote, the government began to use Governor General's special warrants. It did this for the first time on January 19, 1989. It followed that precedent on February 16. Then, on February 28, the Prime Minister had the first session of this Parliament prorogued.

On March 23 the government, now having got into the habit, used a third special warrant to obtain money to finish the fiscal year ending March 31, 1989. On Saturday, April 1, it used a fourth special warrant. On that day it took over $6 billion to replace half the interim supply normally voted—not half the enormous interim supply that is being sought here today but half the interim supply that normally is voted by Parliament for the first three months of a new fiscal year. We know that the second session of this Parliament began two days later, on Monday, April 3. As I have said, honourable senators, there is no disagreement about these facts. The disagreement is about the law. Indeed, it is about the Constitution.

In committee I explained to the President of the Treasury Board why I believe that section 30 of the Financial Administration Act, which provides for Governor General's special warrants, has been abused. My argument was that section 30 of that act is there to enable a government to deal with major requirements that cannot be foreseen; in other words, to deal with what I shall call emergency situations—situations which in the nature of things could not be predicted with assurance.

My argument was that section 30 may be used, and has indeed been used, in only two situations. The first of these is a major, unforeseen requirement of a kind not provided for by

Treasury Board Vote 5, the so-called "contingency vote". In other words, section 30 of the Financial Administration Act is not simply a larger version of Treasury Board Vote 5; the purpose of the payment must be different, because Parliament itself has specified the total that may be spent for contingencies. Alternatively, section 30 may be used to make an ordinary government payment—civil service salaries, for example—in the period following a dissolution of Parliament.

Neither of those situations—neither a great emergency situation nor what I call an electoral emergency—prevailed in the first four months of this year.

All Canadians know that responsible government means that the government is responsible to Parliament. Ultimately, responsible government is kept alive—it is prevented from becoming merely a textbook truth—by the government's need to come to Parliament regularly for money. Parliament, not the servants of the Crown, controls the purse. A wise Parliament appropriates money for only narrowly specified purposes and short periods. That basic constitutional principle has been set forth as statute law in section 26 of the Financial Administration Act, which says:

> Subject to the Constitution Acts, 1867 to 1982, no payments shall be made out the Consolidated Revenue Fund without the authority of Parliament.

It seems obvious that Parliament intended that, when possible, a government is to obtain the authority of Parliament by appropriation acts or appropriation clauses.

The words of Treasury Board Vote 5 show that this is true. Vote 5 reads:

> Government Contingencies—Subject to the approval of the Treasury Board, to supplement other votes for paylist and other requirements and to provide for miscellaneous minor and unforeseen expenses not otherwise provided for including awards under the Public Servants Inventions Act and authority to re-use any sums allotted for non-paylist requirements and repaid to this appropriation from other appropriations . . .

The amount provided by Vote 5 in 1988-89 was $360 million. Aside from certain paylist and other requirements, this is for "miscellaneous minor and unforeseen expenses." That is the contingency vote. The implication clearly is that other such matters ought to be dealt with in an appropriation act.

Last December the government demonstrated that it was fully aware of this principle. Foreseeing certain new expenditure requirements, the government came to Parliament in the constitutional way. It presented Supplementary Estimates (B), but for some reason that so far remains undisclosed—I suggested convenience, but the President of the Treasury Board rejected that word out of hand—the government turned away from Parliament.

On December 28 the government adjourned the House of Commons to March 6, 1989, even though the supply request then before the House had not been dealt with.

On February 28, 1989, the government prorogued Parliament. Although Parliament was available to deal with supply business—indeed, some members of the House of Commons and senators already had made their arrangements to be here on March 6—the government decided that it could get along without Parliament. Therefore, it dispensed with Parliament. Parliament was expendable as far as supply was concerned. The government had decided that it, not Parliament, had control of the purse.

How did the government obtain the money it wanted to spend? As I have said, it exhausted the money available in Treasury Board Vote 5. Having exhausted that vote, it began to use the warrants. Honourable senators, I should like to put before you the words of subsection 30(1) of the Financial Administration Act. This is the subsection that provides for Governor General's special warrants:

> Where a payment is urgently required for the public good when Parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, upon the report of the President of the Treasury Board that there is no appropriation for the payment and the report of the appropriate Minister that the payment is urgently required for the public good, may by order direct the preparation of a special warrant to be signed by the Governor General authorizing the payment to be made out of the Consolidated Revenue Fund.

● (1420)

That is the key subsection.

Subsection 30(2) provides that a special warrant is an appropriation for the fiscal year in which the warrant was issued. Subsection 30(3) provides for publication. Subsection 30(4) provides—note this—that the amounts taken by special warrants are to be deemed to be included in the next Appropriation Act. In other words, the amounts taken by special warrants in January, February, March and April are deemed to be included in the amounts set forth in Bill C-14. Thus the propriety of those special warrants is now before this house. If there is any question as to whether they are before the house, it might be instructive to notice what the Speaker of the House of Commons said on May 4, at page 1325 of *Hansard*. Two members of the House of Commons had raised a point of order about the proceedings in the other place, and the Speaker said:

> There is a Bill which will be voted on tonight at 5.45 p.m. which, among other things, in Clause 3, and I am reading from the note in the margin, refers to the confirmation of payment under special warrants for the fiscal year 1988-89.

The bill to which the Speaker referred is Bill C-14, the bill now before this house. We are being asked to confirm what was done in the first four months of this year.

I shall also read the next subsection of section 30, because it will be clear that it is central to the interpretation that is being put on the entire section by the Treasury Board. This subsection was added to the Financial Administration Act in 1951. It reads:

> For the purposes of this section, Parliament shall be deemed to be not in session when it is under adjournment *sine die* or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant.

Honourable senators, the purpose of section 30, the whole section, is to enable a government to act appropriately in situations where unprovided expenditures are required and in which the need for effective action is so urgent that the public good will suffer if such action is not taken before Parliament itself can meet to authorize the payment.

It is evident that special warrants are not to be used to make the kinds of payments for which Parliament itself has provided in Treasury Board Vote 5. For those contingency payments, Parliament itself has defined—that is limited—both the purposes and the amounts.

I put those views before the Standing Senate Committee on National Finance, namely, that the Governor General's special warrants are not to be used for ordinary purposes, for example, to pay civil servants' salaries, in ordinary times. That view was rejected emphatically by the Treasury Board. The president of the board told the committee, in effect—and almost in so many words—that provided a government does not keep Parliament in session, or bring it into session, the government may withdraw money from the Consolidated Revenue Fund for any purpose that would be eligible for inclusion in the Estimates, if indeed there were to be Estimates.

Senator Simard: Urgent for the public good, he said.

Senator Stewart: Yes, urgent for the public good, and according to you only the Governor in Council decides that; not Parliament, even when Parliament could do so. I pointed out to the minister that if it is legal to use Governor General's special warrants for ordinary purposes in ordinary times, it must follow that there is no need for a government to meet Parliament from one end of the year to another in order to obtain supply. There is, of course, a constitutional requirement for one sitting every year.

I told the President of the Treasury Board that it seemed to me that he was telling us that, so far as supply was concerned, a government could get along without Parliament indefinitely. I asked him the following, and I quote:

> Is there any reason on the supply side that it—

meaning the government—

> —could not proceed in this way?

The president then replied:

> First of all, if there were a government that had to sit, as you say, one day and immediately prorogued, then the law would entitle that government probably to do it.

I then asked if he meant that it would be legitimate and constitutional for a government to proceed in that way, and this is what he said:

> I presume it would be legal.

Those are the words of the President of the Treasury Board.

[Senator Stewart.]

Honourable senators, earlier that day Senator Cools had asked Mr. de Cotret to tell the committee:

> . . . if there are any limits on the amount of money for which special warrants can be used, or can I assume that special warrants can be used for the extent of the Treasury?

Mr. de Cotret answered:

> To the best of my knowledge, there is no absolute limit, but they have to be amounts required for the orderly conduct of government business.

Some of the members of the committee were, to put it mildly, astonished by the Treasury Board's interpretation of section 30. In an effort to discover if the board really meant what it was telling the committee, senators asked about some of the payments that had been made this year by special warrants. For example, the minister was asked if the payments for the new Canadian Heraldic Authority satisfied the provision of section 30 that to qualify for payment by a special warrant signed by the Governor General's own hand a payment must be "urgently required for the public good." The answer was in the affirmative.

The minister was asked if a payment had been made under a special warrant for the survey of the shrubs at 24 Sussex Drive. The answer was affirmative. We were told that the need for that payment was such as to qualify the payment for inclusion as a payment "urgently required for the public good."

Senator Steuart: Even the Prime Minister said it was stupid.

Senator Stewart: Yes, that, honourable senators will remember, is a survey described by no less a person than the Prime Minister as stupid.

Senator Frith: Stupidity can sometimes be urgently required.

An Hon. Senator: Is that why there is so much of it around?

Senator Stewart: I thought we had an ample supply. That survey, as I say, is the survey which the Minister of Finance said had been stopped. Nevertheless, the payment was made.

Then there was a question about the money for the Canadian Centre for Management Development. As honourable senators will remember, Bill C-148, which was before this house in the last session of the last Parliament, was a bill to establish that centre. That bill did not receive Royal Assent. It did not pass the Senate. Yet the centre was established by Order in Council. A payment on behalf of the centre, we were told, qualified as "urgently required for the public good", even though Parliament itself, when asked directly for authority to create the centre, did not give that authority. Today, honourable senators, we are being asked to agree that not only was it proper to create this centre, although Bill C-148 did not pass, but that payments on behalf of the centre were "urgently required for the public good."

● (1430)

As honourable senators will see when they read the record of last Thursday's meeting of the National Finance Committee,

what is notable about the responses then given is that those responses seem to be defending against a charge that these particular payments were improper by reason of being foolish, by reason of being extravagant, or by reason of being outlandish. No such charge was made by any member of the committee, at least, not at the meeting last Wednesday. Perhaps others had made that charge, but no member of the committee had made that charge in the committee.

The reason for questioning these particular payments was not to criticize their purpose, but was to discover the Treasury Board's interpretation of the words, "the payment is urgently required for the public good." The board found that all these payments, and others, were "urgently required for the public good." For example, in the case of the Canadian Heraldic Authority, I asked Mr. de Cotret if the urgency was sufficient to satisfy the test of section 30(1). I said, "Does that satisfy the test, as you interpret the test?" Mr. de Cotret replied, "That is correct." Then, for greater certainty, I said, hardly believing my ears, "In other words, that is a reasonable example of your interpretation of the test of urgency for the public good?" The Secretary of the Treasury Board replied, "Yes, senator, as is provided for in the Financial Administration Act."

The reason we raised the matter of these particular payments in the committee was to discover if they had been included by inadvertence or if, alternatively, the board sees them as examples of the kinds of payments contemplated by Parliament when Parliament made provision for special warrants. The board was candid and direct. We cannot fault them on that score. In the considered opinion of the board, payments such as these are what Parliament had in mind. The harm to the public good if these payments were not made at once would be so great that they could not await the attention of Parliament.

Senator Steuart: Brian has got to wave his little flag!

Senator Murray: We have to pay the bills, you know!

Senator Frith: They are waking up a bit. You're getting through, I see.

Senator Murray: We have to pay our bills.

Senator Frith: You have got them upset! They are at least listening!

Senator Stewart: I think the board is wrong. I ask all honourable senators, do you think that section 30 authorizes the government to make ordinary payments by special warrants, provided only that Parliament is not in session? The board was invited to cite the precedents on which it relies. It did not cite a single, relevant precedent to support its interpretation. I assume that the board had done its homework and I am not surprised that it was unable to find a single relevant precedent.

Honourable senators, these special warrants are a relic from colonial days. In those days the government at London authorized the colonial governors to use special warrants to have resort to colonial revenues. This authority enabled the governor to do "the right thing" when a colonial legislature either could not vote money or, being obstreperous, would not vote money. The special warrant was a device intended to prevent the governor from being responsible to the colonial legislature, to the ancestors of this Parliament, and to keep him responsible to his masters in London. He was accountable to London for the money he took from the colonial revenues by special warrants.

Then, when we come down to 1867, the Parliament of the new dominion made provision for special warrants. Senator Simard trembles at the thought that this great tie to our glorious colonial past should be severed.

Some Hon. Senators: Oh, oh!

Senator Stewart: In 1867 the Parliament of the new dominion enacted the following:

> If when Parliament is not in session, any accident happens to any public work or building which requires an immediate outlay for the repair thereof, or any other occasion arises when any expenditure not forseen or provided for by Parliament is urgently and immediately required for the public good, then upon the Report of the Minister of Finance that there is no parliamentary provision, and of the Minister having charge of the particular service in question, that the necessity is urgent, the Governor in Council may order a special warrant be prepared, to be signed by the Governor himself for the issue of the amount estimated to be required . . .

Senator Frith: Shrubs for the governor's mansion!

Senator Stewart: I am sure that even in 1867 a special warrant would never have been used for so trivial a purpose.

Clearly, Parliament, which was then in session only about three months a year, was making provision for urgent payments required by reason of real emergencies.

Senator Barootes: Oh, for the good old days!

Senator Stewart: A real emergency could be a public building burning, a wharf in Nova Scotia collapsing, or the Fenians coming a-raiding. That is no joke. One of the things they had in mind was the Fenian invasions. They were legislating for serious requirements, not shrubs or heralds. That explains the language of the original provision, some of which is still with us in section 30 of the Financial Administration Act. That is one kind of usage for Governor General's special warrants—important, unforseen emergencies.

In 1896 another line of usage was begun. In that year, for the first time, to meet a very different kind of emergency, Governor General's special warrants were used. No one here will remember that.

An Hon. Senator: Don't be so sure!

● (1440)

Senator Stewart: The Parliament elected in 1891, with Sir John A. Macdonald as Prime Minister, expired in the spring of 1896 by reason of the elapse of time before the Main Estimates had been voted. In those days the fiscal year began on

July 1, not on April Fool's Day. On July 13 a new government was formed by Wilfrid Laurier.

An Hon. Senator: Hear, hear!

Senator Flynn: Remember that?

Senator Stewart: He met Parliament on August 19. In the interval, between the beginning of the fiscal year and the time when Parliament could provide money for the ordinary expenses of the government, the new government had resort to special warrants to pay for ordinary expenditures.

Senator Frith: A month and a half.

Senator Stewart: That second usage is the one that is to the fore nowadays, because Parliament provides for most unforeseen emergency needs by Treasury Board Vote 5, the so-called contingencies vote.

Governor General's special warrants were used in this second way for electoral emergencies in 1896, in 1911, and then in 1940, 1957, 1958, 1962, 1963, 1965, 1968, 1972, 1974, 1979 and 1980.

If supply had not been appropriated before dissolution, special warrants were used during the election and until the new Parliament met for the beginning of its first session.

Now, understandably, the major criticism of this second usage has been that special warrants can be used—indeed, that they were used—excessively by governments that showed no great eagerness to meet the new Parliament. That criticism was particularly loud and cogent when the election had produced a minority government. Here was a minority government—either an old government reduced to minority status, as was Mr. Diefenbaker's in 1962, or a new minority government, such as Mr. Clark's in 1979—carrying on the business, paying out hundreds of millions, perhaps billions, of dollars without ever having met the new Parliament.

So there has been complaint about this second usage.

These, then, have been the two kinds of usages: particular emergencies and what I have been calling electoral emergencies. However, never before this year, 1989, has a government used Governor General's special warrants to meet ordinary payday requirements, the kinds of requirements set forth in the Estimates year in, year out, after a new Parliament has met. This is new.

How did the Treasury Board justify this new departure? How do they justify this third usage, this new usage? They find it all very simple and very clear. Indeed, they find it frustrating that some senators fail to follow them. They say that each of the payments, including those that I mentioned specifically, was reported as urgently required for the public good by the appropriate minister.

They say that once Treasury Board Vote 5 had been exhausted, no other appropriation was available from which payment might be made. They point out that in January and February Parliament was not in session by reason of adjournment, and that on March 23 and April 1 it was not in session by reason of prorogation. These three requirements having been met, inevitably we are driven to the conclusion that it was entirely proper, say the representatives of the Treasury Board, to use special warrants for ordinary expenditures.

The board seems to rely heavily on subsection 5 of section 30. I read it earlier, but, since it is quite short, perhaps I should remind honourable senators what it says:

> For the purposes of this section, Parliament shall be deemed to be not in session when it is under adjournment *sine die* or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant.

At first hearing, section 30(5) seems to confirm the board's view that the kinds of payments that can be made when there is no Parliament because of dissolution can also be made at any time, provided only that Parliament is not in session. But once one considers for a moment the consequences of that view, one must conclude that that is a wrong interpretation, that subsection (5) of section 30 is being misinterpreted, because it is inconsistent with the principle that Parliament controls the purse in practice as well as in theory.

Can anybody seriously assert that it was Parliament's purpose in 1951 to enact that governments may withdraw money freely from the Consolidated Revenue Fund for ordinary purposes—not for national emergency purposes—provided only that the government remembers to keep Parliament from sitting? Surely the Treasury Board has failed to see the real purpose, the real intention, of section 30 subsection (5).

There is no mystery as to why that provision was put in there in 1951. One must remember two points: First, during World War II the practice of adjourning for long periods was introduced. This permitted the government of the day to have Parliament back at work without the delay caused by a long debate on an Address in reply to the Speech from the Throne. Second, the war had served to remind parliamentarians that the day of great emergencies was not over, that a mere contingency fund was not enough, and that provision should be made against the possibility of unforeseen war, invasion, insurrection, to borrow the words of the *War Measures Act*, as in the fall of 1939, or perhaps even a great natural disaster. A particular emergency—obviously not an electoral emergency—might occur during a long adjournment. That is why section 30 subsection (5) was added when the Financial Administration Act was being updated in 1951.

As a result of misinterpreting that subsection, the Treasury Board has used a provision made for particular emergencies occurring at a time when Parliament is not in session, including long adjournments, to appropriate money, not for emergency requirements but for ordinary estimate-type requirements. By doing so the government has opened a way, an avenue, an inviting boulevard, by which governments in the future may take whatever money they wish to take—the minister has told us that there is "no absolute limit"—without having to come to Parliament for supply and appropriation. By voting for the passage of Bill C-14 honourable senators will be giving their approval to that major constitutional change.

Somebody may say—I have not heard it here this afternoon—"Don't be foolish! No Canadian Prime Minister would ever dream of trying to avoid meeting Parliament. If he did, public opinion would soon bring him back into line."

There is a good deal of truth in that approach, and the short response—I will not give the long one now—is: Why take the risk?

Let us remember how outraged Conservative members were in 1940, when Mr. King cut short the session of Parliament after five hours. Prime Ministers will do that sort of thing. Let us remember how furious the Liberals were in 1962, when the minority Diefenbaker government used special warrants to avoid meeting Parliament for months after the election. Let us remember that Progressive Conservatives—I am sorry; perhaps I ought not to be dredging up these political skeletons from the past.

An Hon. Senator: Go ahead!

Senator Stewart: Honourable senators, many Progressive Conservatives were afraid, in 1979, that Mr. Trudeau would use special warrants after the expiration of the five-year term of the Parliament elected in 1974 to give himself another year, a sixth year, a kind of bonus year, a year in which he might try to repair his government's popularity.

We have to concede that, under pressure, Prime Ministers are tempted to do whatever the rules and precedents allow. Some Prime Ministers will yield to temptation; others will not. That is the risk—that they may do what the rules and the precedents allow.

If it is a cause for concern that governments, even minority governments that have never met Parliament, can use special warrants to carry on for months after an election, without ever having had even a single vote of confidence in the House of Commons, how much greater cause for concern is there respecting this new usage now being inaugurated? Following the 1989 precedents, governments, even minority governments, will be able to have Parliament prorogued and then to pay all the costs of government, including the high costs of preparing the electorate to give them a majority in the next election, without having to go to Parliament for supply and appropriation.

If I, as a Liberal, found that a New Democratic prime minister, or a Progressive Conservative government, was proceeding in that way, I would be outraged, and I would anticipate that a Progressive Conservative who found a Liberal prime minister behaving in that way would also be outraged. This is not a precedent, honourable senators, to which we ought to give our blessings. It is not a precedent that ought to be allowed to survive and propagate.

We are being asked, in this bill, not only for many billions of dollars but to give approval to an entirely new—and I argue a very dangerous—precedent.

It is not as if we are not being told what it is that we are being asked to approve. We cannot plead ignorance. The Treasury Board, through both its president and its secretary, has spoken deliberately, candidly, and emphatically. There is no doubt whatsoever in their minds that any payment that ordinarily would be made pursuant to a vote in Estimates is a payment urgently required for the public good. Provided that there is no other appropriation from which the payment may be made, and provided that Parliament is not in session, the payment may be made by means of a special warrant. That is their considered position. That is a dangerous view.

It is also a ridiculous view. I remember the first time I heard the Yiddish term "chutzpah". I asked what it meant. I was given the example of the young man who had been convicted of murdering his parents. Before sentence was passed, he pleaded for clemency on the ground that he was an orphan. If this bill passes, there will be an even better example of "chutzpah".

When a Prime Minister wishes to be rid of Parliament for a while—perhaps a few weeks, perhaps a few months, perhaps many months—he will need only to have Parliament prorogued and then to say that he, unfortunately, has no choice but to use special warrants for ordinary purposes because, regrettably, Parliament is not in session.

Honourable senators, the bill before us is an appropriation bill, what is commonly called a "money bill". Quite deliberately, and for known reasons, the Senate was given both the power to amend such bills by reducing the appropriation and the power to reject such bills. As far as I can discover, neither of those powers ever has been used in the case of a straightforward appropriation bill. Nor has either of those powers, the power to amend or reject, been used in the case of a bill that, in addition to appropriating money, asks Parliament to give statutory confirmation to the use of special warrants for ordinary payments in ordinary times. Why has neither of those powers ever been used? The answer is: Because, in all the years since 1867, no bill comparable to Bill C-14 ever has come to the Parliament of Canada.

• (1450)

Some Hon. Senators: Hear, hear!

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

Hon. Senators: Agreed.

Senator Frith: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

Hon. Jean-Maurice Simard: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we cannot support that motion. I think this

bill clearly deserves study in committee, especially after Senator Stewart's intervention.

Therefore, I move, in amendment, that the motion be not now adopted but that it be amended by striking out all of the words after the word "bill", and substituting therefor the following:

> ... be referred to the Standing Senate Committee on National Finance.

The Hon. the Speaker *pro tempore:* The Honourable Senator Frith moves, seconded by the Honourable Senator Robichaud, in amendment to the main motion, that the motion be not now adopted but that it be amended by striking out all of the words after the word "bill", and substituting therefor the following:

> ... be referred to the Standing Senate Committee on National Finance.

Is it your pleasure, honourable senators, to adopt the amendment?

Some Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* The amendment is adopted.

Is it your pleasure, honourable senators, to adopt the main motion, as amended?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* The main motion, as amended—

Hon. Jacques Flynn: Speaking of formality, I think it is quite irregular, if we want to be touchy. After adopting the amendment, we cannot also adopt the main motion.

An Hon. Senator: Right on! Right on!

Senator Frith: This is one of the few things that Senator Flynn and I always agree on: if we carry the amendment, we carry the motion, as amended. Anyway, it goes to the committee one way or the other.

On motion in amendment of Senator Frith, bill referred to the Standing Senate Committee on National Finance.

[*Translation*]

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)—SECOND READING—DEBATE ADJOURNED

Hon. Gérald Beaudoin moved the second reading of Bill C-7, to amend the Criminal Code (pari-mutuel betting).

He said: Honourable senators, I intend to deal with the proposed amendments to Section 204 of the Criminal Code that governs pari-mutuel betting in Canada.

The racing industry is suffering great difficulties. Bill C-7 offers a way to support this important sector of the Canadian economy. The proposed changes to Subsections 204(2) and 204(8) of the Criminal Code will permit pari-mutuel betting on horse races viewed on video screens in theatres owned or leased by racing associations. Such theatres would have to obtain a licence first from the appropriate provincial authority and a federal licence later on.

The double intent of Bill C-7 is to provide the horse racing industry with a new marketing opportunity that will help broaden the industry's economic base, which had been shrinking by increased competition from other forms of entertainment and wagering dollars, and to help the industry while avoiding the expense of public funds.

As a result of these changes jobs will be created. Moreover, benefits will be gained throughout the industry, including the new betting theatre segment. Betting theatres will create new jobs in cities where horse racing is not available other than by video screen.

The jobs mentioned are associated with the control of telecommunications, pari-mutuel services, and concessions, but jobs will also be created in the food and beverage sector, and facility support services.

Horse men will benefit also from the increased purses. The industry will be better able to meet their increased costs for track maintenance and horse care. Those higher incentives will maintain the scale of racing in Canada.

At the same time, many Canadian thoroughbreds and standard breds can race abroad if they are outstanding performers. With increased domestic support, Canadian breeders will be able to produce outstanding racing stock.

Given these likely benefits, it is appropriate to take a few moments to outline the size and importance of the Canadian horse-racing industry. To begin with, it is a large proportion of the over-all Canadian horse industry. Racing's health, therefore, contributes directly to the industry's over-all well-being by spreading the cost of supply of goods and services.

The horse industry in Canada generates about $4 billion in economic activity. About 100,000 people are employed in the horse-racing industry, 42,000 directly and 9,000 indirectly.

To get an accurate picture of the situation, let's say that the horse-racing industry directly creates the same number of jobs as the aeronautics and automobile sectors combined or about twice as many as the oil refinery industry.

Within the racing sector, capital investment is substantial. For example, the industry's inventory of all forms of land, equipment and buildings is at least $3.4 billion. Annual capital expenditure is estimated at $380 million.

It is clear that the horse-racing industry is an important employer and makes a valid economic contribution.

What is important, however, is that it is now in trouble. Since lotteries and other forms of gambling have become popular in Canada, the horse-racing industry's revenues have not kept up with rising costs and inflation. Other games of chance such as lotteries have become a bigger part of Canadian life than they used to be. The returns to horse racing have shrunk as those to lotteries in particular have grown.

Competition in the entertainment wagering sector keeps intensifying.

In 1987, for instance, provincial lottery sales amounted to $3.34 billion, an increase of $700 million or 26 per cent over 1986. That growth is due to the wide variety of games available and to the fact that tickets are sold at more than 34,000 locations across the country.

Competition is likely to become even more fierce in the future. Some provinces, such as Manitoba, Saskatchewan, Alberta and British Columbia, have already legalized some casino-type gambling. Others are likely to follow suit. These forms of entertainment wagering will further increase the pressure on the Canadian horse-racing industry as time passes by.

Pari-mutuel betting on horse races is widely accepted in Canada. Thousands of jobs are dependent on that activity. Many of them would be impossible to replace if ever they were lost, because they are concentrated in rural areas.

Those jobs are currently threatened. For a number of years already, the Canadian racetrack industry is subject to heavy, increasing pressures. In constant dollar terms, its income went down by more than 43 per cent over the last seven years. That downtrend will have to be reversed if jobs are to be saved in that industry.

This is why the racetrack industry has been searching for ways to widen its economic base. I am thinking of projects such as inter-track betting, separate betting, separate betting on foreign races and finally telephone betting.

In the last case, bets can be placed by telephone at a certain association's racetrack, while following the race in one's home. Patrons must have opened beforehand a telephone betting account with the racing association.

Certain associations already operate a number of betting theatres on their own racetracks, but at a distance from the stands. TV close-ups and playbacks allow patrons to follow the races more closely in betting theatres than on the main stands.

Certain forms of betting theatres already exist in Canada. Bill C-7 adds nothing radically new as far as regulation is concerned.

The inter-track and telephone betting technology would be used for betting theatres. Federal monitoring on the premises, as it already exists for all forms of pari-mutuel betting, would ensure the law is adhered to.

The bill must take into account provincial interests in addition to federal requirements. For this reason, each betting theatre operated by an association should be licensed beforehand by the Lieutenant-Governor in Council. This way, provincial authorities will be responsible for deciding whether to allow this kind of pari-mutuel betting in their jurisdictions or not.

Betting theatres are not a totally new concept. They have been in existence for some time in the United States. Surveys were done to identify their markets. Of their total patronage, 90 per cent already were regular or casual betters who found betting theatres more convenient and more pleasant. The proportion of new betters was only 10 per cent.

Canadian racetrack associations also wish to offer that choice to their patrons. Betting theatres would be installed in closed buildings equipped with seats, from which betters could view comfortably the races relayed by TV from an association's racetrack. These new facilities also would have to include food and drink concessions.

Two other reasons support authorizing betting theatres. The first one is that those operations should reduce the fortunately as yet low incidence in this country of illegal betting through bookmakers.

It is clear also that betting theatres are an alternative to betting outside the racetrack. Outside racetrack betting is not desirable for the simple reason it could easily throw a negative image of pari-mutuel. The industry knows that the presence of federal officials, as is presently the case on the racetracks, would be economically unthinkable if they had to be present in a host of small, outside racetrack betting shops. And it is generally recognized in the industry that the federal presence is an efficient deterrent against undesirable elements.

The act would empower the Minister of Agriculture to specify the requirements that would have to be met before a license is issued for that type of pari-mutuel. The first requirement, that the province approves beforehand the setting up and the location of betting theatres, is included in the bill.

● (1500)

Further provisions to regulate betting in provincially licensed theatres will be introduced by the minister in the form of regulations. These will be compatible with existing provisions applying to other types of pari-mutuel betting.

For instance, exclusive market areas around race tracks will be determined by federal regulations just as race days are now. Furthermore, there is a regulatory provision that horsemen and racing associations must negotiate the scheduling of races for theatre betting, as well as cost and revenue sharing.

Agricultural associations will also enjoy regulatory protection, since all teletheatres located within a radius of 30 kilometres of an agricultural fair shall close for the duration of the races held during the fair. In any case, the new legislation would not affect the success of these fairs which, despite their short duration, are extremely popular with Canada's rural communities.

The federal monitoring system can be adapted to the various circumstances that exist in this country. It also allows sufficient latitude to change the requirements for teletheatres if the local situation changes.

The horse-racing industry creates thousands of jobs in Canada's rural areas. For this reason, we should eliminate all unnecessary obstacles to the present and future prosperity of the industry. That is the purpose of Bill C-7. Consequently, honourable senators, I would ask you to look favourably on the slight changes proposed in subsections 204(2) and 204(8) of the Criminal Code.

Hon. Louis-J. Robichaud: Honourable senators, Bill C-7 intrigues me. I have a question for Senator Beaudoin.

From what I was able to gather, the federal minister and the Lieutenant Governors in Council of the various provinces will have to license these various establishments. This means that the federal government and the provinces will be in a position to tax the revenues of these establishments.

I would like to know whether such measures are already in place and if so, to what extent revenues will be taxed by the federal government and the provinces.

Senator Beaudoin: For the province, the figure is 7 per cent, while for the federal government, it is less than 1 per cent, more specifically 0.8 per cent, for the services provided.

As far as licences are concerned, the first one is delivered by the province and the federal government keeps the final control. Having checked, I can say that there is no constitutional difficulty about that.

Senator Robichaud: If the federal government refused, what would happen? Suppose the province had delivered an establishment licence of some sort and the Federal Government for one reason or another refused to deliver and confirm the licence, what would happen?

Senator Beaudoin: There must be agreement between the two levels of government but the ultimate purpose, if I understand correctly the bill now before us, is to create jobs within the horse racing industry.

Everything has been planned so that race track owners or operators, as well as horsemen organizations have the final say. If they want to sign a contract with people willing to deliver video coverage of races outside race tracks, the federal government agrees to go along with this. In other words, the federal government steps in and asks to amend section 204 of the Criminal Code to support an industry which is now experiencing an economic slowdown.

It is a well-known fact that lotteries are now extremely successful while horse racing is quickly loosing ground. One of the ways to remedy the situation is to allow races to be shown on video screens outside race tracks and thereby facilitate mutuel-betting, making them more easily accessible, in order to create more jobs and help money circulate.

The final control will rest with horsemen associations and race track operators. If they come to an agreement, the federal government will go along.

As we respect the provincial jurisdiction, we accept that the licence should be delivered by the province. Later on, the federal government steps in and issues its own permit. It is understood that for all practical purposes, horsemen associations will have the last say.

On motion of Senator Stanbury, debate adjourned.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions.

[Senator Robichaud.]

Hon. Fernand-E. Leblanc: Because my motion was not ready when the notices of motion were called, honourable senators, I wish to move it now. Accordingly, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

> That the Standing Senate Committee on National Finance have power to sit at four o'clock in the afternoon tomorrow, Wednesday, 10th May, 1989, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

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

Some Hon. Senators: Agreed.

Motion agreed to.

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on the evolution of the costs of Canada's health system and its consequences and to the need to appoint a committee or a sub-committee to study the matter.—(*Honourable Senator Gigantès*).

Hon. Philippe Deane Gigantès: Honourable senators, Senator David is an icon of the health field in Canada. He is one of the most respected persons in that field. There can be no doubt about his goodwill or his intellectual honesty.

I am sure he agrees with me that the right to health protection is just as important and as sacred as the right to protection against criminal attack. Every citizen, rich or poor, should have the right — it is not necessarily reality — to be protected against a criminal coming at him with a gun and with the intent to kill. I and a number of people in this country believe that a citizen should have the same right as anyone else to be protected against a death threat due to illness. Do you agree?

Hon. Paul David: How could anyone disagree?

Senator Gigantès: You agree that we are all entitled to the same health care?

Senator David: So far, so good.

Senator Gigantès: Let us begin with that principle. Here is the question we must ask ourselves: How do we go about guaranteeing similar treatment to everybody if someone wants to disregard the principle of equality? That is just about as far as I and the public are prepared to go. A political party trying to renege on that principle which people have experienced and appreciated would most certainly be wiped off the electoral map at the earliest opportunity.

So who would want to attack that? The report read by Senator David, who was kind enough to send it to me, contains a section which refers to this:

[*English*]

private health care funds, which have always played a significant role in Canadian health care financing in the past.

• (1510)

As public funding becomes less able to cope with the greater demand for health care services, particularly as a result of our aging population, it becomes more evident that increased funding from non-governmental sources may be necessary. And who seems to be in favour of that? The Canadian Medical Association thinks that it is a good idea. They are the ones who fought medicare. Yes, Senator Barootes, they did not want it.

One of the "saints" of this country, Mr. Tom d'Aquino of the Business Council on National Issues, is for private health care services. Why? It is a huge business, and profits are enormous.

Not too many years ago in the United States the president of the Humana chain of hospitals gave himself $17 million, U.S., in one year. That is a pretty hefty level of profit for the proprietor of a chain of hospitals that is dispensing something to which everyone, rich or poor, must be equally entitled. The Humana hospitals will not admit you if you do not have folding money or plastic. That just happens to be a fact. There are towns in the United States that do not have a charity hospital, and if you are sick or wounded and have no money, it is too bad; you will not be admitted. You have heard me say this before about that town in Alabama where they picked up someone who had been knifed in the stomach. They took him to three hospitals in succession and all three turned him down because he had no money or plastic. He bled to death on the way to the fourth hospital.

An Hon. Senator: What a shame!

Senator Gigantès: Surely, you cannot have private medicine with those characteristics.

Let me ask this question: If the president of the Humana chain could make $17 million out of health care in one year, how much of that money might have gone to improve other people's health care, if he had not been so greedy and had satisfied himself with something less—say $2 million?

What we are facing here is an attack on the principle of egalitarianism—not by you, sir, but by d'Aquino, by the Quebec chamber of commerce and by the Canadian Medical Association. One of the weapons they use is to say that we do not all get the kind of medical treatment that is available at the Mayo Clinic in the United States. Of course not! We were never supposed to.

Senator Flynn: That is contrary to what you said before.

Senator Gigantès: No, we were never supposed to. No one in his right mind ever imagined that you could run a health service at the level of the Mayo Clinic.

Senator Flynn: That is what you were saying before.

Senator Gigantès: You deserve it, sir. I would contribute to a special fund to send you to the Mayo Clinic if you needed care there.

An Hon. Senator: Hear, hear!

Senator Flynn: He argues out of both sides of his mouth!

Senator Gigantès: But we cannot run a health care service based on top luxury care for everyone. We know that. So let us not use the argument that our health service is not giving top quality health care to everyone, and, in order to attack it, suggest that we go to a private service or a partly private service in order to improve the level. That will not improve the level, because where will the profits come from? The profits will not rain from heaven. The profits, if there are profits—and who will go into private care facilities unless there are profits—will come, inevitably, by reducing the quality of service. That is a given. There is no other way of doing it, if you want to make profits out of people's fear for their health and their lives.

Surely we want to give people the best health care possible. And I must say that I do not pay much attention to this report, because I have a better source which is quite recent and which proclaimed the Canadian health service, in comparison with other health services, to be the best in the world. Indeed, Senator David mentioned that this is often the verdict. My source is the Fraser Institute, and if there is a more right-wing think tank in this country, I would like to know it. The Fraser Institute is the most right-wing. It is right up there with the Heritage Fund in the United States, and could even make Attila the Hun feel quite happy. In fact, Genghis Khan would feel quite content to be on their board of directors also.

The Fraser Institute recently commissioned someone to make a comparison of health services—and I have a book which I will give to anyone who wants the full data on it. Yes, there are defects and imperfections, as there are imperfections here and everywhere else, but, all in all, our imperfections are less than those of others. Medicare is a human system and there are bound to be imperfections.

The astonishing thing about this report is that it was actually produced by an institute whose president, Dr. Walker, does not believe in medicare. However, he could not do much about the report because it was so factual. I remember having a conversation with him in which he said that if you do not have the profit motive in dispensing health care, you are not going to have reasonable rationing, and you will have—and here I am quoting Dr. Walker:

• (1520)

> . . . undesirable phenomena such as the one reported by the New England Journal of Medicine on hysterectomies in Saskatchewan after Tommy Douglas brought in medicare.

He told me that after the advent of medicare, the incidence of hysterectomies in that province rose sharply. He also asked me what I thought of that, and I replied:

> I think two things: Either all of these women needed hysterectomies before but could not afford them, or doctors are prepared to butcher women for money. You tell me if there is a third interpretation.

Honourable senators, we do not have to worry about rich people or people such as Senator Flynn, who, if he needed to go to the Mayo Clinic—and I hope he never will, would have friends like us who could all contribute to the cost of sending sending him there; but we do have to worry about the poor people and the people who are left behind or shunted aside and not given sufficient care. However, it is incumbent upon us to try to provide such a service without ruining ourselves.

Why are we told that we can no longer provide this service and that we must stop? It is not because the figures relating to health care are so excessive. In fact, we spend less on health care than do other countries and we give wall-to-wall coverage to everyone. The United States spends 2 per cent more of its GDP than we do on health care and still there are 37 million people without any health coverage at all. On the other hand, we spend 2 per cent less than the U.S. and we cover everyone.

The question is: Can we reduce costs? Senator David and Senate De Bané alluded, for instance, to the institutionalizing of older people and to the fact that even some handicapped people would be better off left at home, or would be better off within a family rather than in an institution. Senator De Bané was telling me of an initiative that is being tried in British Columbia whereby a welfare family can be sought out and screened thoroughly, after which the following proposition will be put to them: "You are receiving $10,000 to $11,000 a year as a family consisting of a father, mother and two children. We will give you $100 a day, which is $36,500 per year, to take care of this old gentleman or this old lady in your home."

Honourable senators, the home may not be very luxurious, but it is better than those institutions that the French call "le mouroir": in other words, places where you die or wards with chronic-care beds. An older person living with a welfare family is better off than he or she would be in any of those chronic-care wards that smell of imminent death.

Therefore, honourable senators, with one stone we kill two birds: we take a welfare family off the welfare rolls and we provide a better time for that older person than he or she would have in an institution. At the same time we save almost $200 a day, because the minimum cost to the state for one bed in one of those chronic-care places is $300 per day.

So, honourable senators, with a little imagination we can find solutions to these problems and we can save money and give better service.

Honourable senators, I will tell you of one more situation. In the edition of the magazine *l'Actualité* in which Mr. Bourassa's picture appears on the cover, there is a heart-rending article, which, even if it is only a quarter true, should give us all pause. That article tells us that the young people of Quebec are prepared to do almost anything—anything at all, however menial—in order to have a job with some continuity and the certainty that the job will last for some time or will lead to other jobs. They are sick and tired of having to go from welfare to a little job which they pray will keep them going long enough to allow them to qualify for unemployment insurance. The article talks of some of these young people even being prepared to work for nothing—in other words, allowing the employer to pocket the money while pretending to be paying it, in order that the employee will qualify for unemployment insurance.

My suggestion is that if you take four of these young people and give them a small car and a vacuum cleaner,

[*Translation*]

cloths and other materials like that—if you take two boys and two girls and you assign each of them, with supervision, four elderly couples still clear headed but who do not really have enough energy to look after themselves, to clean their apartment, and so on.

You tell the groups of young people to visit each of these four apartments three times a day. The boys will flirt a little with grandma and the girls will flirt a little with grandpa! They will clean, prepare a meal for them and then leave. It is not a master-servant relationship. There is the dynamic of a small team.

Now, you pay these young people fairly well. You give them, say, $10 an hour. So you have four young people at $10 an hour, which makes $400. You double this amount for the costs of the car, administration and supervision and you have a total of $800. But to keep eight people in an institution costs a total of $2,400. So we save $1,600 and we free beds.

Instead of trying to find ways to reduce the amount of health care provided to people by our excellent public service, without rapacious exploiters, let us try with a little imagination and compassion to find other ways to run this service better than it is being run now.

[*English*]

Honourable senators, it is possible. All we need do is take our responsibilities seriously, and let the doctors take their responsibilities seriously and exercise a certain amount of triage. I say to you, honourable senators, that we must do it.

There is another way. People could be persuaded to be healthier. Rather than allowing a Canadian version of the Humana hospital owner to make all of those millions of dollars, why not spend some of that money to teach people to live in a healthier fashion: to exercise more, to smoke less and to drink less. Honourable senators, that is the best preventive medicine. I know it is a little late for you, Senator Flynn, but, if you like, we could start jogging together. I am as unfit as you are, but if we start gently and gradually you and I can do great things, I can assure you.

Then, honourable senators, we could perhaps persuade the doctors to relinquish some of their authority and have neighbourhood nurses for large blocks of apartments. A young mother with a baby that has the sniffles could then go to the nurse and the nurse could say: "This is not too serious. However, if the temperature has not fallen by tomorrow, we will take the baby to the doctor. Meanwhile, give him some children's Tylenol and he should be all right by tomorrow." Also, if someone has cut his hand, and it is not a serious cut, the neighbourhood nurse should be able to bind up that wound, rather than having people such as that cluttering up the

emergency rooms in our hospitals. With some imagination, some compassion and some willingness to hold on to the principles of free health care given equally to everyone, our present system can persist.

Honourable senators, I have one final point. Which are the countries that have best managed the reduction of their deficit in the latest crisis? The countries with institutional commitment to full employment. In December 1987, in discussing a report that I, together with my colleagues in the subcommittee, had written, entitled "In Training, Only Work Works", I informed this honourable assembly that the total costs of the national debt from 1968 to 1985 could be accounted for by the cost of unemployment over 4 per cent through those years—and that calculation was checked by the Economic Council of Canada.

• (1530)

Let me now turn to the performance of ten countries, the Big Seven plus Norway, Austria and Sweden. These three and Japan, one of the Big Seven, have a commitment to full employment, and they were the quickest to go from deficits to surpluses. Which countries were considered to be the slowest? Those dedicated to the absolute anarchy of the marketplace! When I say "full employment," these are not socialist countries in the sense that they forbid private property. There are very rich people in those countries, who are allowed to make huge profits, to have new homes, and to have the freedom, which is offered in democratic countries, of throwing out the government if they do not like it. The interesting thing is that when there has been a change of government in all these countries—and Japan has not had as many changes in government as the others—but when the opposition has come into power and looked at the situation—none of the Conservative oppositions that came into power in Norway and Austria or the centre right coalition in Sweden—none of them touched the commitment to full employment. Why? Because it works.

What I am saying is that to say that we have no money because we want to follow certain policies of shrinking the role of the state is not a good enough excuse for threatening the egalitarian health service of the people of Canada. Instead, let us explore policies that will increase revenues and reduce deficits. Full employment is one such policy.

Another alternative is to do as I mentioned earlier—that is, take someone off the welfare rolls, which form part of the deficit, and give them an old person to look after to save the $200 per day cost for the hospital bed and to save the government $20,000 per year, which is the average cost for a welfare family—$10,000 in allowances and the rest in loss of tax revenues to the three levels of government. This is the way that we should think. I strongly suspect any advocacy to which is attached the names of Mr. Tom d'Aquino or the Canadian Medical Association—other than advocacy by the Canadian Medical Association on proper treatment for patients—on how to manage finances. They have always been against anything that prevents them from making profits, and they like the idea of the American system in which the owner of a hospital can make $17 million in a year. I resent this propaganda campaign. The chamber of commerce of Quebec voted in 1987 and in 1988—and I have documentation on file, if anyone wishes to see it—to privatize medical care. What was their motive? Was it because they do not like medicare? No. They wanted to get their sticky fingers into this enormous pie. I say that medicare is one of the pies, like that of the police or national defence, in which private motives do not have a place. Any who think they can touch this pie had better not try, because they will be wiped from the political map of this country. I hope that such people do not try to change our medicare system, because before they are wiped from the map they will do great damage to the poor, the weak and the sick.

Hon. Efstathios William Barootes: Would the honourable senator entertain a question?

Senator Gigantès: I would entertain all the questions my beloved colleague from Saskatchewan and the man with whom I share the same blood would care to ask.

Senator Frith: And what about Senator Barootes?

Senator Gigantès: It is Senator Barootes I was referring to.

Senator Barootes: I don't know about your blood, but I do know about my blood, and I am not so sure that we are consanguineous.

The honourable senator spoke about the egalitarian health service which he worships and about which we all in this country are pleased, and then he made the statement, I believe, that we would all have to be—I don't know whether the word was "crazy"—crazy to expect that everyone in Canada could have the very highest, top-quality health service such as that rendered at the Mayo Clinic. Am I correct in what I heard?

Senator Gigantès: Yes, I said that.

Senator Barootes: If that is so, then we in Canada cannot expect to have in our egalitarian system top-quality health care. Would the honourable senator please tell me who in Canada is deserving of, or should be able to get, that top-quality health service? Is there anyone?

Senator Gigantès: If we in this chamber had to vote on a choice between one of us being able to go either to the Mayo Clinic to have all the CAT scans, and whatever else is available, using the most expensive equipment—their own personal CAT scans so no other body could file it—or to the National Institute of Health in Washington, where each patient has his or her own nurse for research purposes, and, in the alternative, all of us being able to have reasonable health care granted by competent physicians, though they might not be able to give us the most luxurious rooms, I think we would vote for the second choice.

I have a very good physician. He is a Scot who trained in Aberdeen. He does not believe in prescribing anything if he can possibly help it. He does not like the health service. He has said to me, "You don't need tests. I mean, considering your state of health and how ornery, difficult and opinionated you are, you seem to be extremely well." And I have said, "Well, how about my cholesterol level?" He has replied, "Your cholestrol level? At your age it doesn't really matter if you

have more cholesterol or a little less. You're okay, so be happy. When you get really sick, I'll look after you." When I go to see him, he spends three minutes with me, but I don't feel that I am not getting the necessary health care. I am not a hypochondriac.

However, there are certain abuses in the medical profession. There have been many reports about excessive testing, and there are an awful lot of doctors who are proprietors of the laboratories that carry out the tests.

Senator Haidasz: Not in Ontario.

Senator Gigantès: Not in Ontario, but elsewhere, and it should be forbidden. If the medical profession truly and seriously stopped griping about the health service and decided to be compassionate and caring in a sort of triage way, it would cut a lot of costs. That is what I mean.

Senator Barootes: I thank my compatriot, but I still do not know who in Canada would be entitled to that "Cadillac", top-quality care. Is anyone entitled to it?

Senator Gigantès: Not at the expense of the state. If, as Senator De Bané was saying, someone wishes to go to the United States and pay the Mayo Clinic out of his or her own pocket, then, fine; let them. Obviously we cannot afford to give that kind of service; but we can afford to give something that, while it may be a little short of that, is still good, and that is the system we have now. As Mao Tse-tung said, and he was not the only one to say it, "The best is the enemy of the good."

Senator Barootes: I understand that the honourable senator is worshipping mediocrity.

On motion of Senator Barootes, debate adjourned.

NATIONAL SECURITY

BUS HIJACKING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Kelly calling the attention of the Senate to the hijacking incident which occurred in Ottawa on Friday, 7th April, 1989.—(*Honourable Senator Kenny*).

Hon. Colin Kenny: Honourable senators, I intend to speak to this matter briefly when I second Senator Kelly's motion later today.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, then this inquiry is considered debated.

● (1540)

[*Translation*]

DEMOGRAPHIC EVOLUTION IN CANADA

CAUSES AND CONSEQUENCES—DEBATE ADJOURNED

Hon. Paul David rose pursuant to notice of Tuesday April 4, 1989:

> That he will call the attention of the Senate to a research study on demographic evolution in Canada, its causes and its consequences.

[Senator Gigantès.]

He said: Honourable senators, I will allow myself to speak even in the absence of Senator Gigantès, but I imagine he will read tomorrow's *Debates of the Senate* and give me further extremely interesting information on the subject I want to talk to you about today, that is demography, its causes and its consequences.

Honourable senators, it is a pleasure, despite the late hour, to summarize a study conducted by Mr. Seymour Hamilton. I initiated and supervised that study in co-operation with Messrs. Allan Mirabelli and Robert Glossop of the Vanier Institute of the Family. I thank the members of the Committee on Internal Economy, Budgets and Administration for having accepted my grant application. On request, I will send you a copy of the 65-page original document written in English and entitled "Research Study on Demography: Causes and Consequences".

That study is divided into five sections. The first one compares global demographic statistics to ours.

In 21 industrialized countries, population growth in 1986 compared to the previous year went from a high of 1.4 per cent in Australia to a low of -0.2 per cent in West Germany. Canada came in second place with a positive growth rate of 1.1 per cent. As you know, that percentage is equal to the number of births and immigrants minus the number of deaths and emigrants. On a world-wide scale—4.917 billion people in 1986—the growth rate was 1.7 per cent, ranging from a maximum of 2.9 per cent in Africa to a minimum of 0.3 per cent in Europe.

The birth rate, that is the number of births per thousand population, was studied over 60 years in four countries: France, Great Britain, Sweden, and Canada. They all reported a decline. Although Canada still had the highest rate in 1985, 15 per thousand, it must be said that it was 26 in 1925, up to a peak of 28 in 1946, followed by a rapid decrease from 1965 to 1975, and it has remained practically stationary for the past ten years.

During the same time the world fertility rate, which is the number of children born to women in the 15-to-45 age bracket, was 3.35 in 1926, 2.64 in 1936, 3.93 in 1960, then rapidly down to 1.7 in 1986.

In previous years, a high birth rate combined with years of strong immigration—almost 300,000 immigrants in 1957—led to a rapid increase in our population. Considering that the current birth rate is lower than the replacement rate, Statistics Canada figures indicate that this country needs 175,000 immigrants a year to maintain our population at the current level of 25 to 26 million.

An aging population is the most predictable consequence of low birth rates. In 1986 the percentage of Canadian youths under age 15 was 21 per cent compared with 33 per cent world-wide, 45 per cent for Africa and 38 per cent for South America. This array of statistics highlights the striking contrast between the demographic explosion in developing countries and the decline in industrialized nations, between poor countries and rich ones!

In the second section we go over the expected socio-economic impact of this demographic evolution. Are moral and societal attitudes a by-product or a consequence of demographic evolution? Cadwell's theory, explained or described at length in this research paper, seems to be a logical explanation on a world-wide level.

Section 3 is a brief review of policy programs put in place in various countries such as France, West Germany, Romania, Sweden, Norway, England, the United States, China and India either to increase, stabilize or reduce the fertility rate. That international overview shows that the decline in the birth rate is a general trend in industrialized countries like ours and that no policy formula could reverse that trend.

The Canadian experience is analyzed in Section 4. Population statistics show that the number of children desired by Canadian couples range from 0 to 2, that the first child is conceived at a later stage and the spacing between births is getting longer. Among various factors analyzed by demographers to explain the lower fertility rate, the study pointed to the following: Marriage at a later age, the desire of an increasing number of couples not to have children, a stable rate of infertility, living together without being married, the availability of abortion, the frequency of divorce, sterilization as a means of permanent contraception, social acceptance of single parenthood and, finally, the legal difficulties in adopting a decreasing number of available children. In Quebec, survival factors of a cultural and linguistic nature take on particular significance. Finally, the study gives significant weight to the women's liberation movement, who are taking up an increasing share of the labour market.

● (1550)

In the fifth and last section of the study, we proposed four possible options: accepting the *status quo* and its consequences; developing pro-family policies; encouraging immigration, or combining a pro-family policy with a well-structured immigration policy. In that context, the initiative taken by Quebec in May 1988 when enacting through a new tax system an overall family policy is an experiment that is unique in Canada and that deserves to be followed with much interest. Even if demographers remain skeptical as to the long-term results of that experiment, they admit a pro-family policy improves the quality of life for families and becomes a positive incentive.

Honourable senators, the major conclusions of this study seem to be the following: First, all industrialized nations now have a fertility rate below 2.1, which is the rate needed to preserve a country's population of origin. For some 20 years Canada has been part of that group of nations.

Second: many developing countries have birth rates higher than 2.1 and become natural and logical sources of emigrants.

Third: no industrialized country has managed to find a lasting birth increase formula. It would be presumptuous to expect Canada to succeed where others have failed.

Fourth: in view of the extent of our territory, it would be difficult to imagine that the standard of living of an aging population in this country could be maintained without an increase in population.

Fifth: within this context, a well structured immigration policy is essential to ensure in this country a stable economy and the preservation of its social programs.

Sixth: all studies confirmed that the Canadians consider the family as the basic element of our society. On the other hand, the traditional family has changed. It is no longer made up of a father whose income makes it possible for his wife to stay at home and raise at least two children.

Seventh: children remain for Canadians generally an indispensable investment in the future. Individuals are therefore ready to assume collectively the responsibility of sharing their daycare, education and health services costs.

Honourable senators, the comments and findings of this study compel us to make a few recommendations, whose two major objectives are to eliminate as much as possible the tax disincentives and other factors likely to discourage a couple from having the number of children they want and coordinate immigration efforts consistent with the resources of Canada as a whole and each province in particular. To achieve this goal, we make two proposals.

The first proposal would be the foundation of a permanent national family and immigration council which could be a subsidized agency to advise the federal government. Its term of reference would be to keep a very close watch on the population growth of this country. In cooperation with government and non-government organizations, it would make appropriate research and suggestions aimed at stabilizing and improving our demographic pattern and at estimating every five years the optimal number of immigrants we should welcome in our country.

The second proposal is to replace the existing Department of Immigration by a Department of Family and Immigration, thus implementing a national policy linking the two parameters ultimately governing our population growth. Since each province already has specific jurisdictions in those fields, we recommend that the same formulae be applied to each of the provinces, that would make for a better coordination between the federal and provincial governments.

Honourable senators, we undertook this study in order to document our concerns about the demographic future of Canada. The results did confirm our concerns.

Canadian demography represents a challenge that we have to face if we want to keep our cultural identity and our social programs and to maintain our standard of living and our economic prosperity.

We believe our research will heighten the awareness of each and every member of Parliament on the importance of the problems we studied and the relevance of our recommendations.

I want to thank you, honourable senators, for listening to what I had to say, despite the late hour.

• (1600)

[*English*]

Hon. Stanley Haidasz: Honourable senators, I should like to ask Senator David a question. Did the research study on the demographic evolution in Canada, to which he referred in his speech, take into account the effect of the approximately 62,000 abortions that are carried out each year?

Senator David: As I have said, abortion is one of the factors that may explain the "taux inférieur de mortalité que nous avons maintenant," but this factor is associated with many others; another that struck me was the number of sterilizations, either male or female, that were done in hospitals and created permanent sterility.

It is a very complex problem, but I think we have to take into account the honourable senator's remarks.

On motion of Senator Haidasz, debate adjourned.

INTER-PARLIAMENTARY CONFERENCE ON TOURISM

HELD AT THE HAGUE, THE NETHERLANDS

Hon. Joseph-Philippe Guay rose pursuant to notice of Tuesday, May 2, 1989:

> That he will call the attention of the Senate to the Inter-Parliamentary Conference on Tourism, held at The Hague, The Netherlands, from 9th to 14th April, 1989, inclusive.

He said: Honourable senators, I should like your indulgence to say a few words today on a very interesting Inter-Parliamentary Conference on Tourism, which I was privileged to attend along with my colleague, the Honourable Senator Martha Bielish, a wonderful lady, who participated fully, as did our friend from the House of Commons, Mr. Len Hopkins, member of Parliament for Renfrew. Also accompanying the delegation was Mr. R.B. Duncombe, director of program development, Tourism Canada.

Although the leader of the Canadian delegation, Mr. Lee Clark, did not attend, Mr. Len Hopkins, who was designated the keynote speaker of our delegation, must be commended for his distinguished contribution.

Canada played an important role among the 47 countries represented. This Inter-Parliamentary Conference on Tourism was held during the week of April 10 to 14, 1989, at The Hague, The Netherlands. The event was organized jointly by the Inter-Parliamentary Union and the World Tourism Organization at the invitation of The Netherlands International Parliamentary Group.

Inspired by some principles officially endorsed by other international documents, such as the Manila Declaration on World Tourism and the Universal Declaration of Human Rights, members that were present drafted The Hague Declaration on Tourism.

The responsible committee introduced some basic orientations related to that socioeconomic activity: it recognizes the major impact of tourism on the development of certain regions and the need for a coordination mechanism that will reinforce international cooperation, and it favours, at the same time, the rapprochement between peoples.

• (1610)

The declaration insisted on the proactive role of Parliaments and governments, one that should accord increasingly sustained attention to the expansion of this important sector for most industrialized countries.

In order to improve the situation, the document recommends measures to diversify existing forms of bilateral and multilateral technical operations. The existence of basic facilities, the establishment of training institutes, and strong concern about reaching a balance between the promotion of domestic tourism and international tourism are essential for the participants to create a viable infrastructure while, at the same time, improving the economic conditions of the Third World nations.

[*Translation*]

Some environmental concerns also inspired the joint statement that was endorsed at that inter-parliamentary conference. Thus the preservation of the integrity of the natural, cultural and human environment is an essential condition for the development of tourism. The rational management of that sector contributes to the ecological balance of the world's regions as well as to the preservation of the quality of life of the people involved.

Following the recent publication of a report on environmental perspectives for the year 2000 under the auspices of the United Nations and the World Commission on Environment and Development, The Declaration of The Hague on Tourism recommends continuing inventories of various sites of interest. Along with the development of historical and recreational sites, there must be strict guidelines concenring the preservation of our heritage.

[*English*]

Paying attention to the situation of international tourists, another principle expressed by the document refers to the right of everyone to travel freely, subject to reasonable restrictions. Current laws should not limit freedom of movement. Effective measures should also be taken to facilitate tourist travel, tourist visits and stays, irrespective of the mode of transportation used. Such objectives may be promoted by the liberalization of legal provisions and the harmonization of technical standards applicable to tourist enterprises, including travel agencies.

I might note in passing that at the same time travel agencies from Canada were also present at The Hague at a convention of their own. There were over 700 delegates at that particular conference. We met a lot of them because they were all from Canada; they were quite pleased that we were also having a conference, and almost next door to theirs. Consequently, we participated in some of their functions.

Considering the threat imposed upon foreign travellers, terrorism still represents a major concern for most liberal societies. Recent incidents affecting various modes of transportation demonstrate that safety is vital to the expansion of

tourist activities. Consequently, the identification of goods, facilities and equipment used by visitors must be introduced by state officials. Because of the seriousness of their actions, possibly resulting in attempts on people's lives, terrorists should be treated like any other criminals.

Looking at the problems of the tourist industry, the conference recognized the need for a global approach that will contribute to the establishment of a genuine national policy. At this stage, with the necessary preparations, Parliaments can and should play a special role involving the adoption of appropriate legislation.

Following the principles formulated by the drafting committee, specific recommendations were introduced by parliamentarians who attended the conference. The options suggested reflected the strategic role played by tourism in a country's overall economy. Direct and indirect employment, foreign exchange earnings, state revenue, patronage of craftsmen and artists to the benefit of regions with no commercial or industrial base—all of these aspects are quite attractive for modern states and developing nations.

Government initiatives to preserve monuments and vital living traditions are compatible with other incentives to attract people from outside and to encourage them to return again. Planning strategies to expand tourist facilities should try to reconcile visitors' expectations with the demands expressed by the local population. National priorities positioning internal needs are fundamental to the facilitation and liberalization of tourism.

[*Translation*]

One of the recommendations made by the participants at this conference highlights the essential contribution of research in this area and of the administrative structures required to benefit from the tourism potential in every region of the globe. Obtaining satisfactory results will take additional effort to enhance infrastructure and government initatives in this field of public activity. Governments must set aside their interventionist policy and act to promote tourism by creating the right conditions for it.

[*English*]

Legislative proposals affecting tourism should be oriented towards three goals: first, the protection of foreign visitors; second, the promotion of tourism as a major socioeconomic activity; and, third, the awareness of each country regarding potential imbalances that might result from the expansion of tourism. Initiatives taken by the public and the private sector in that field might have an impact on the environment and on the cultural identity of a population. They might, therefore, be carefully assessed by the responsible governments.

Using the draft of the Budapest Convention to facilitate tourist travel, visits and stays, parliamentarians could lend their support to the promotion, development and updating of existing legal instruments directly or indirectly affecting travellers. Procedures related to passports and visas, currency and exchange control, customs regulations and health formalities are directly influencing the perceptions of foreign visitors. They should not, therefore, drastically limit the mobility and freedom of tourists.

Following the conclusions and the recommendations of the Inter-Parliamentary Conference on Tourism, parliamentarians were able to determine a general course of action that includes a comprehensive legislative framework to codify their national policy and priorities for tourism. Moreover, minimum standards and classification schemes, the pricing of facilities and financial incentives for domestic and foreign investors can be determined by the adoption of basic orientations by parlimentarians.

• (1620)

It is the responsibility of members of national groups of the Inter-Parlimentary Union to suggest to their colleagues, and especially to the appropriate committees, policies that will promote the development of tourism. As expressed by the member of Parliament for Renfrew at the conference:

> We must recognize that, given the importance of tourism, the general trend toward liberalization of trade in services should help to bring the attention of governments to the facilitation of travel.

The elimination of trade barriers in Europe, scheduled for 1992, is another achievement reinforcing the relationship between countries. This approach should also prevail in the adoption of policies and regulations applicable to travel and visits in a foreign country.

[*Translation*]

As a result of the policy of openness of some eastern countries, mainly the Soviet Union, the national governments concerned now allow foreign investors to come. They have also adopted more flexible rules making travel easier for tourists. This type of initiative is basically in line with the thrust of The Hague Declaration on Tourism.

[*English*]

In closing, I wish to emphasize once again that tourism is one of the most beneficial industries a country can have.

Honourable senators, the official report of this conference will be given to us within a few days. Accordingly, I will table it in the house.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

TERRORISM AND PUBLIC SAFETY

SPECIAL COMMITTEE APPOINTED

Hon. William M. Kelly, pursuant to notice of Wednesday, May 3, 1989, moved:

> That a special committee of the Senate be appointed to review the recommendations contained in the Report of the Special Committee of the Senate on Terrorism and Public Safety, entitled: "Terrorism," tabled in the Senate on 10th August, 1987;

That, notwithstanding Rule 66(1)(*b*), the Honourable Senators Bosa, Corbin, Fairbairn, Flynn, Hays, Kelly, Kenny, MacDonald (*Halifax*), MacEachen (or Frith) and Murray (or Doody) act as members of the special committee, and that three members constitute a quorum;

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

That the committee present its final report to the Senate no later than 30th June, 1989.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, is there to be an explanation of this motion?

Senator Kelly: If honourable senators wish, I will provide one.

Senator Frith: I would just like something on the record to justify this motion.

Senator Kelly: I am happy to oblige—I was wanting to save senators the distress, but I will be brief.

Honourable senators will recall that a special committee of this chamber was formed early in the year 1987 to examine terrorism in the Canadian context and to examine particularly the extent to which we are prepared to deal with terrorist incidents. The committee reported finally in August 1987 and made a number of recommendations. Those recommendations were developed out of a careful study of certain terrorist incidents that had occurred, such as the occupation of the Turkish embassy and the Bahamian High Commission hostage taking.

The purpose of the study was to see what went right in those circumstances and what went wrong. We heard from a number of officials of various ministries—the Solicitor General, Justice, Transport and so on—which had a role to play in situations such as those I have described. We heard from them what processes they had in place and the extent to which they had theorized hypothetical situations and how they would deal with them. We examined those processes and commented on them in our recommendations.

The event of April 7 here on the Hill, to which I spoke the other day, provided an interesting opportunity to examine a current incident and to see if anything had changed—to see what went right and what went wrong. We were able to identify some improvements. We were able to identify some continuing weaknesses, and this led us to feel that it would be prudent at this time to review the recommendations that we made two years ago and to hear once again from the appropriate officials what the response has been.

Honourable senators, we have had no official response from the government on the recommendations we made. We have had some informal discussions. I do not anticipate that a study of this sort need take a long time. We are committed to report by June 30. I see no reason why a committee could not report by that time. I hope that in the process, if it is approved, we will be able to gain access to a committee report, which I believe still exists, that was put together by a group that had been requested to examine our report, comment upon it and submit recommendations to government. I think it would be useful to study that report at this time. That is the purpose of the committee.

Senator Frith: May I ask Senator Kelly whether the committee anticipates requiring any funds for its work? If so, I assume that it will be submitting a report in order to get that authorization.

Senator Phillips: Senator Kelly is going to pay for it himself!

Senator Petten: Hear, hear!

Senator Frith: With Senator Kenny guaranteeing the note, I suppose.

Senator Kelly: The note, yes.

Honourable senators, when I first proposed the committee in 1987, I had a terrible time trying to keep on the right side of Senator Frith—I seemed to be breaking the rules regularly. Senator Frith will understand, then, that I am now going to be extremely cautious in how I answer questions.

The first question, as I understand it, is: Will the committee be spending any money? The answer is: If it is approved, yes. The next question is: Will the committee be applying for that money under the rules? The answer to that is yes. I don't recall whether I was asked how much I estimate it will cost, and I will not respond to that.

Senator Frith: That question was not asked and it is not necessary to respond to that now. I appreciate that the committee wants funds from the Senate, but, as I understand the procedure, it will not get them through the adoption of this motion. It has to prepare a budget and it must then ask for that money. Therefore, it is not necessary to tell us the amount now—the senator will have to tell that to the Internal Economy Committee.

I thank Senator Kelly for his explanation.

Hon. Colin Kenny: Honourable senators, I should like to associate myself with Senator Kelly's remarks. I was going to speak a few moments ago, but it seemed that honourable senators were ready to adopt the motion and any remarks I might have made would have been superfluous. I suspect that lengthy remarks now would also be superfluous, so I, too, will be brief.

I think that re-establishing the committee is important simply because we will be revisiting some recommendations that we had made before. I think it is useful for Senate committees, from time to time, to go back and see if anything has happened as a result of the time, effort and money that they have spent doing this sort of work. With this committee, I think there are three areas that are particularly useful to revisit. The first is: What sort of response is the government making to our recommendations? This government undertook to respond to us; that is something it volunteered to do when we prepared our report. Some time has gone by, but we have not yet heard from the government.

• (1630)

The second area of some considerable concern is the agreements in place between the RCMP and every province, with the exception of Quebec, on how they deal with terrorist incidents. The situation on the Hill recently commenced with a breakdown in communications between the Quebec Provincial Police and the federal police in Ottawa. It would be useful to look at that question again and attempt to determine why the federal government and Quebec have not yet arrived at an agreement on this very important matter.

The third area of importance is this: The committee examined and discussed at some length with various news-gathering organizations the appropriate guidelines or code of conduct to be adopted in the event of a terrorist incident. It seemed to me that most reasonable people concluded, and certainly the committee concluded, that it was inappropriate for live broadcasts to take place during the course of a terrorist incident. We all know that terrorists have access to television and radios. It does not make sense for them to be listening to broadcasts about what the police or security agencies are doing to combat a situation. Yet during the incident that took place on Parliament Hill recently many news organizations were broadcasting live, and were describing what the police were doing. That did not seem to be a very productive course of action.

I believe that this is a worthwhile undertaking for the Senate. Senators who agreed to serve on this committee are prepared to sit at times other than when the Senate is sitting. I encourage you to support Senator Kelly's motion.

Hon. Eymard G. Corbin: Honourable senators, as a fledgling member of that committee, I wonder if Senator Kelly could tell us when the first meeting will be called. I understand from calls received in my office today that we may be sitting this evening.

Senator Kelly: The hope is that we can have our organizational meeting immediately after the Senate rises today.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 10, 1989

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

Prayers.

QUESTION PERIOD

TRANSPORT

SHIPMENT OF GRAIN THROUGH PORT OF CHURCHILL, MANITOBA—IMPROVEMENT OF INFRASTRUCTURE AND GREATER USE OF FACILITIES—REQUEST FOR STATEMENT OF GOVERNMENT POLICY

Hon. Joseph-Philippe Guay: Honourable senators, I have my usual question respecting the Port of Churchill, and I hope that this time I get better results than I have in the past.

Some Hon. Senators: Hear, hear!

Senator Guay: The Port of Churchill is Canada's only central sea port. In reading up on this subject I found that the Port of Churchill is beneficial to eastern and northern Saskatchewan as well as to Manitoba. I learned that farmers in Saskatchewan and Manitoba pay $6.80 per tonne to ship grain to Thunder Bay and that it costs an additional $26 per tonne to get that grain loaded into ocean-going vessels at Montreal. I can hardly believe that the farmers pay all of those transfer costs, but apparently that is the case: $26 per tonne comes out of the wheat, barley and oat pools to pay those costs. In other words, we gave 25 per cent of our barley crop last year to Quebec and Ontario for handling that product.

I also determined that Churchill has only 10,000 tonnes of grain in storage at the present time. Churchill can hold 140,000 tonnes of grain, yet there are empty freight cars going north almost every day and coming back with paper, lumber and other goods. Those boxcars could very well take a load of grain north to the Port of Churchill.

One representative of the Canadian Wheat Board told me that we are paying storage charges on one million tonnes of grain at Thunder Bay. It is no wonder the facilities at the Port of Churchill are run down compared to Thunder Bay.

As I have said, 25 per cent of our barley crop is going towards keeping Thunder Bay and the St. Lawrence Seaway in shape, but they forget about the Port of Churchill.

Farmers in northern Saskatchewan, eastern Saskatchewan and northern Manitoba would also reap a 15 per cent saving on freight to the Port of Churchill. What we need to do now is begin filling up the Churchill terminal and those idle boxcars.

A well-thought-out export program from the Port of Churchill would not require 3,000 boxcars. Last summer a mere 52,000 tonnes, or two shiploads, were shipped from the Port of Churchill. With only 10,000 tonnes in storage at the present time, it looks to me as if the powers that be are planning to close the Port of Churchill altogether, instead of shipping grain through that port and thereby allowing western money to stay in the west where it belongs.

I will also, very briefly, make reference to the Manitoba Association of Urban Municipalities, other unions in Saskatchewan, and other municipal people and farmers. I have here a draft of some notes that I should like to read to you:

Churchill is Canada's only central seaport; and

Whereas only 51,000 tonnes of grain moved through the Port of Churchill in the 1988 shipping season; and

Whereas that was considerably less than the previous year's shipment of 569,000 tonnes, constituting only 7 per cent of the amount of grain required for the port to operate viably; and

Whereas there has been a progressive decline of rail rolling stock available for grain transport to Churchill; and

Whereas the rail infrastructure continues to deteriorate; and

Whereas the route's existence is crucial for northern resupply operations and for western Canadian export access to the Atlantic Ocean; and

Whereas these deteriorating factors are severely restricting efforts to market and promote the use of the Churchill route; and

Whereas deterioration of the route is endangering Churchill's considerable value to the nation as an asset to the objectives of northern sovereignty, northern development and national defence;

Therefore, I would ask the federal government, without delay, for a clear statement of policy supporting the continuity and use of the Hudson Bay rail and port route, and that the federal government commit itself to improving the route's infrastructure, thereby removing restrictions to its use that now exist, and thereby reversing the negative atmosphere and attitudes that now exist regarding this important national seaport, which is an asset to us all.

I would ask the Leader of the Government in the Senate, who is the only one I can ask, to make the appropriate representation to cabinet in a forceful manner, which I am sure he is very able to do, to make a proper representation for us in Saskatchewan and Manitoba so that the government will make more use of the Port of Churchill, which will benefit all of us in western Canada.

Senator Steuart: Yes or no!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable

senators, I shall obtain and provide a report shortly that I trust will do justice to the comprehensive and eloquent presentation of the honourable senator.

Some Hon. Senators: Hear, hear!

SHIPBUILDING

BRITISH COLUMBIA—POLAR 8 ICEBREAKER PROJECT—GOVERNMENT COMMITMENT—DEFINITION OF "PRIORITY"—OTHER DELAYED PROJECTS

Hon. Raymond J. Perrault: Honourable senators, I should like to ask the Leader of the Government a question with respect to the Polar 8 icebreaker project. That project, as some members of the Senate may be aware, has been the subject of a number of political announcements by this government. It has fuelled several of their press conferences. Many ministers have preened their political feathers at media availability sessions talking about the way this project is going to revive the shipbuilding economy on the west coast of Canada. Now we have another excuse: vague, imprecise statements from the responsible minister that we are going to have yet another delay.

Before I ask the substance of my question I should like to read excerpts from a letter dated May 9, 1989, from the president of the Shipyard General Workers' Federation of B.C. to the Honourable Benoit Bouchard. This is the basis of my question.

> Dear Mr. Bouchard:
>
> Your announcement that the construction phase of the Polar Eight Icebreaker project is being re-scheduled to the Spring of 1990 is not acceptable to the members of this Union.

May I add a personal comment, honourable senators? It is not acceptable to British Columbians, whether they vote NDP, Conservative, Liberal or anything else—we are tired of these delays and procrastinations. The letter continues:

> Our members, along with their brothers in other Unions, fought hard to secure this project for British Columbia. They have waited patiently these past two years only to see deadlines that were established in the Letter of Intent slip by month by month, year by year. They now openly question your Government's commitment to proceed with the project . . . They must not be allowed to lose confidence in the fairness of the process of Federal Government procurement contracts being allocated on a regional basis.
>
> You must appreciate the critical crisis in the shipbuilding industry here in British Columbia due to your Government's rationalization policy. I reiterate to you that this policy has resulted in the closure of five shipyards in recent years. This Union alone had 1800 members working full time in the industry in 1984 but only 600 have survived the rationalization process to date.
>
> After the launch of the C.C.S. Henry Larson in January 1987, Versatile Pacific Shipyards Inc. laid off 600 of our members. Since that time most of these workers, many with fifteen to twenty years' seniority, have survived the economic hardship by a combination of U.I.C. benefits, short-term repair work and social welfare handouts.

I guess they may have to look forward to more of that.

> I know you will understand what the Polar Eight means to them.
>
> It is our firm belief that the decision to choose between the AC Electric/Diesel propulsion systems (preferred by the Coastguard) at the additional cost, and the alternate mechanical drive system (recommended by the Brunei Commission) is such that it does not require twelve months to ponder.

I say "Amen" to that, as do other British Columbians.

> Versatile Pacific Shipyards assures us that the negotiations to complete the sale of the Company will be completed in the next two weeks. This should also satisfy the conditions set out in the Letter of Intent and does not warrant a further twelve month postponement.

I ask this question of the Leader of the Government in the Senate: Is there an absolutely firm commitment to initiate construction of the Polar 8 icebreaker in British Columbia in 1990? The responsible minister is not even talking these days about where this ship is going to be built. Are we going to have another continuation of the excuses that serve only to further erode the confidence of the people on the west coast in the Government of Canada?

Senator Frith: I would bet on the excuses, personally.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is more than a commitment—it is a priority. The short answer to the question put forward by my honourable friend is that we look forward confidently to completing the contract definition phase of this project by the end of this year and moving into the construction phase early next year.

Senator Perrault: But, honourable senators, what is the Conservative definition of the word "priority"? That word was first used three or four years ago when we were talking about this project. What does "priority" really mean in the murky lexicon of the Conservative Party? Perhaps we could be enlightened on that point.

This project would involve 1,000 men and would have a wage bill alone of $120 million over three years—a wage bill that would make it unnecessary for many of these workers, men and women, to go on unemployment insurance or on social welfare. The government again says that this project is a priority. If, in fact, by the word "priority" the Leader of the Government means to say that it will be dealt with the way it has been prioritized over the past three years, then we have plenty to worry about.

Senator Murray: Honourable senators, let me put it this way: The Polar 8 icebreaker project is consistent with the important values of this government: first, Canadian Arctic sovereignty; second, scientific support, and, third, environmen-

tal protection. Those are three very good reasons—which accord, as I say, with the values of this government—why the Polar 8 icebreaker is a priority project with us.

• (1410)

Senator Perrault: The Leader of the Government has eloquently stated all the reasons why we should be moving immediately, and not postponing it.

Senator Murray: I should like to say to the honourable senator that there is a process involved here. As I have suggested to him, the matter of the change in ownership must be resolved, after which the project office would be in a position to complete what I have referred to as a contract definition phase with the new owners. Then there would have to be negotiations on cost reduction, leading to a submission of their proposal and offer for construction.

Senator Perrault: I should like to ask a supplementary question. Would the Leader of the Government provide us with examples of other major shipbuilding contracts which are similarly being delayed while they are being given further consideration? Please name the provinces and the companies involved.

Senator Murray: Honourable senators, it is disappointing for me to find the honourable senator trying to play regional politics with this matter. We understand its regional importance, but it is a matter of importance nationally for the reasons I have outlined. That is why it has a national priority with us.

The honourable senator will not be unaware, however, that there are particular concerns and considerations with regard to this project and that these have to do with, among other things, the proposed change of ownership of Versatile. These are rather complex matters that are being resolved, but which do enter into the mix at the moment.

The short answer to all the questions is that we hope and expect that the contract definition phase will be completed by the end of this year and that we will be into the construction phase early next year.

Senator Perrault: Would the leader clarify whether or not British Columbia will get that contract?

Senator Murray: Honourable senators, when there are announcements to be made on that matter, they will be made by the appropriate minister in the appropriate way.

Senator Perrault: Do you see? There is more waffling! There was a commitment made to the Province of British Columbia. A number of ministers paraded on to the platform and said, "This is what the Conservative government is doing for British Columbia." Now we cannot even get a commitment from the Leader of the Government that the ship is going to be built in the province of British Columbia. That is shocking.

Senator Murray: If I understood the honourable senator's final question on this matter correctly, and perhaps I did not, he is asking me to make a commitment that would be premature and irresponsible on my part at this time.

[Senator Murray.]

Senator Perrault: It would be responsible of the minister to state explicitly and firmly, for the knowledge and comprehension of the people of the west coast, whether or not in fact this ship is going to be even built on the west coast. We do not need any more surprises out there.

FISHERIES

USE OF DRIFT NETS BY FOREIGN VESSELS—DAMAGE TO CANADIAN FISH STOCKS—REQUEST FOR REPORT

Hon. Raymond J. Perrault: I should like to ask the Leader of the Government a question on drift nets. The drift nets being employed by some countries offshore are clearly resulting in the interception of valuable Canadian fish species such as the salmon. An interim agreement has been made with certain countries that they can continue their drift-net fishing for a certain test period.

Will the Leader of the Government bring to this house a report with respect to the damage being caused by these drift nets? What priority is the government giving to finding a solution to the problem of drift-net interception?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the Right Honourable Secretary of State for External Affairs answered several questions on this very matter in the House of Commons the other day. However, I will obtain a report from him and bring it into the house as soon as I can.

FINANCE

NATIONAL SALES TAX—POSITION OF QUEBEC—ABILITY OF GOVERNMENT LEADER TO ANSWER QUESTIONS IN THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate that I believe he will probably be able to answer with a yes or no.

The Premier of Quebec appears to have declared war on the proposed national sales tax and has already opened recruiting offices in other provinces. Because of his responsibility for federal-provincial relations, will the Leader of the Government be able to answer questions to us directly, rather than requiring reference to another minister? I am sure he will share his responsibility with another minister, but I should like to know whether he will be engaged in that drama, to mix a metaphor, as it evolves, because of his responsibility, or will have to refer to colleagues for the answers to questions.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am unaware of any drama surrounding this matter. The honourable senator knows that the Minister of Finance is responsible for fiscal policy. The announcement of the federal goods and services tax was made in the Budget of the Minister of Finance a couple of weeks ago, and he is obviously the lead minister on that matter.

I will, as I do on all matters, endeavour to answer such questions as I can when I am confident that I have the full information involved, and when I am not so confident I will take the question as notice and ask for a report from my colleague.

Senator Frith: The implication is that the Leader of the Government in the Senate will be actively engaged in the question of any provincial resistance to the national sales tax.

Senator Murray: Well, honourable senators, I am a member of the cabinet. I am also the minister responsible for federal-provincial relations and, therefore, have a special interest in all that affects the provinces. Nevertheless, when there are discussions of this matter, they take place—as they did the other evening over dinner—between the Minister of Finance and his counterparts from the provinces.

Senator Frith: But were you at the dinner?

Senator Murray: No; of course not.

HEALTH

THE SENATE—ANTI-SMOKING REGULATIONS

Hon. Stanley Haidasz: Honourable senators, in the last session we gave third reading to two important health bills, Bills C-51 and C-204, with regard to protection of federal employees from the effects of tobacco smoking. One month ago we received a copy of the regulations on smoking in this building from the Speaker of the House of Commons.

A month has passed and we have not received anything from the responsible authorities in the Senate on implementing anti-smoking regulations. Perhaps whoever has the responsibility of issuing such regulations could answer the question as to why there has been no communication from the Senate authorities with regard to the smoking of tobacco in this building.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will take the question as notice for whoever is responsible.

I trust that the honourable senator, in view of his interest in this subject, has observed that Mr. Wilson's Budget, and in particular the taxes on tobacco, have been warmly welcomed by the Canadian Cancer Society and others who are interested in this matter.

Senator Haidasz: Perhaps I can also bring this question to the attention of the chairman of the Standing Committee on Internal Economy, Budgets and Administration, since he is present in the chamber this afternoon. Can he tell us when we can expect any regulations with regard to the implementation of the anti-smoking bill in this part of the Parliament Buildings, in view of the fact that we received the regulations from the Speaker of the other place a month ago?

• (1420)

Hon. Roméo LeBlanc: As a former heavy smoker, I will give this matter all the attention it deserves.

Senator McElman: I would ask whomever he finds responsible for procrastinating to please encourage him.

SOLICITOR GENERAL

NATURE OF INQUIRY INTO GRANTING OF TEMPORARY UNESCORTED ABSENCE PASS

Hon. Earl A. Hastings: Honourable senators, my question is for the Leader of the Government in the Senate and pertains to the appointment of a Mr. Weir of Edmonton to carry out an inquiry into the granting of a temporary unescorted absence pass that resulted in the escape and subsequent conviction of an inmate, Gingras, at an Edmonton institution.

Is this inquiry to be carried out as an inquiry under the Canadian Penitentiary Act by the commissioner or is it to be carried out under the Public Inquiries Act?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I shall make inquiries, honourable senators.

Senator Hastings: I would ask the honourable Leader of the Government if he would, while making his inquiries, draw to the attention of his colleague, the Solicitor General of Canada, the fact that there already has been an inquiry carried out under the auspices of the Commissioner of Penitentiaries, which has drawn certain conclusions and rectified the situation. Therefore, another inquiry under the same act would really solve nothing whatsoever.

However, if the inquiry is to receive the public attention it deserves, it should be held under the Public Inquiries Act.

Senator Murray: Honourable senators, I shall convey those representations to my colleague.

TRANSPORT

NORTHUMBERLAND STRAIT—MEMBERSHIP OF PANEL TO STUDY ENVIRONMENTAL IMPACT OF PROPOSED FIXED CROSSING—REPORTING DATE

Hon. John B. Stewart: Honourable senators, the Leader of the Government in the Senate will not be surprised by my question. I read in the papers that the government has appointed a public servant based, I believe, in Halifax to be the chairman of a public inquiry into environmental considerations related to the proposed fixed link between Prince Edward Island and the rest of Canada.

I wonder if the Leader of the Government could perhaps, at an early date, tell us who are the members of that commission of inquiry and the terms of reference of that inquiry.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the chairman is Dr. David H. Barnes, who is director of the Atlantic Region of the Federal Environmental Assessment Review Office. He also chairs the panel examining military flying activities in Labrador and Quebec. Members of the commission are: Mr. Ira M. Beattie, a structural civil engineer and professor emeritus in the Department of Civil

Engineering at the University of New Brunswick; Ms. Catherine Edward, who assists the director of the Institute of Island Studies in Charlottetown in organizing public hearings for the institute. She is vice-chairman of the Prince Edward Island Environmental Advisory Council; M. Gilles Thériault, president and executive director of GTA Fisheries Consultants in Shediac, New Brunswick; Dr. Ronald H. Loucks, president of R.H. Loucks Oceanology Limited, a consulting firm located in Halifax; and Ms. Carol Livingstone, an instructor in a job entry program at Holland College, Prince Edward Island.

Honourable senators, while I do not have the terms of reference in front of me, I am informed that those terms of reference instruct the panel to focus on the environmental and socioeconomic effects of a bridge crossing; the panel may also, at its discretion, examine the effects of other conceptual solutions, including a road tunnel. The panel may also evaluate the rationale for excluding such solutions. The review was requested by the Minister of Public Works, Mr. MacKay. I will see if there is a text immediately available of the terms of reference for that panel and, if so, I shall send it to my honourable friend immediately.

Senator Stewart: I compliment the honourable minister for having that information at his fingertips. May I ask him whether a date has been specified before which the commission is to report? Is it within a year or 18 months? I am not asking for specific information. Could we be given some indication of the length of time to be made available to the commission?

Senator Murray: Honourable senators, I am informed that the report is expected in about a year's time. Of course, it will be made public.

THE ENVIRONMENT

DESTRUCTION OF PCBs—REPORTED QUEBEC-ALBERTA AGREEMENT—REQUEST FOR TRANSPORTATION DETAILS

Hon. Colin Kenny: Honourable senators, I have a question for the Leader of the Government in the Senate. It has been eight months since the warehouse fire at St-Basile-le-Grand. We have heard recently reports that the Provinces of Quebec and Alberta have arrived at an agreement regarding the destruction of 3,000 barrels of PCBs. Will the Leader of the Government confirm that the two provinces have in fact made this arrangement and, if so, will he give us details of how and when these materials will be transported and who will monitor their transport across Canada?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I cannot do so today, but I shall inquire to see what information on this matter I can place before the Senate.

REGULATIONS FOR TRANSPORTATION OF PCBs

Hon. Colin Kenny: On September 21 last I asked the Leader of the Government when the government planned to bring in regulations governing the transport of PCBs. The following day you, sir, advised us that you would be tabling the regulations under the Transportation of Dangerous Goods Act the following week. This has not happened. Can the leader tell us when he will be tabling these regulations?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall make inquiries of my colleague, Mr. Lucien Bouchard.

SOLICITOR GENERAL

NATURE OF INQUIRY INTO GRANTING OF TEMPORARY UNESCORTED ABSENCE PASS

Hon. Earl A. Hastings: Honourable senators, my question is really supplementary to the question asked by Senator Stewart. He did so well with respect to his question with regard to Prince Edward Island, I am wondering whether the honourable leader might check his book and see if there is anything in it with respect to the inquiry I just made with regard to the city of Edmonton and the province of Alberta?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, there is nothing.

Senator Hastings: Discrimination!

HOUSING

STATEMENT BY MINISTER—GOVERNMENT POLICY

Hon. Raymond J. Perrault: Honourable senators, I should like to ask my final question today of the Leader of the Government.

Senator Phillips: Your plane leaves in half an hour.

Senator Perrault: Just imagine; you will be 30 minutes wiser if you listen to what I have to say. Isn't that something for rejoicing?

Senator Phillips: I haven't found that to be the case in the past 12 years.

Senator Perrault: Some stones are harder to penetrate than others and they need the constant drip, drip, drip of moisture to be penetrated.

Senator Phillips: You're a real drip!

Senator Frith: That is a dangerous metaphor.

Senator Perrault: It is very sound when you think about it.

In terms of the housing situation, the west coast has been in a state of emergency. That has also been the case for many people in other provinces. This week, speaking in north Toronto, the federal Minister of State for Housing, Alan Redway, said that his government wanted plain, old-fashioned honesty. He went on to say:

> I urge you to give me heck . . . Give the government a blast. That's the only way we're going to get anywhere,

Was Mr. Redway reflecting official federal government policy? Should Canadians engage in blasting a particular ministry before they can expect any action?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think Mr. Redway was reflecting the fact that he has only been in the cabinet for several months. I am sure that he will soon tire of that line.

Senator Steuart: Or be gone!

DELAYED ANSWERS TO ORAL QUESTIONS

THE ENVIRONMENT

AIR POLLUTION ON PARLIAMENT HILL—PRIME MINISTER'S LIMOUSINE CORTÈGE

Hon. Orville H. Phillips: Honourable senators, I have delayed answers to two questions. The first answer is to a question raised on May 4, 1989, by the Honourable Senator Denis regarding the Environment—Air Pollution on Parliament Hill—Prime Minister's Limousine Cortège.

(*The answer follows:*)

> The Prime Minister's limousine and accompanying security cars have recently been parked on the east side of the Centre Block while awaiting the departure of the Prime Minister. The vehicles are left idling outside the office windows of some honourable senators on the first floor and the cortège obstructs the Senate freight entrance. Individual senators have complained, the matter was raised at the meeting of the Internal Economy, Budgets and Administration Committee on May 4 and a question was asked in the Senate on May 4.
>
> On May 5, at the direction of the Gentleman Usher of the Black Rod in the Senate, the matter was referred for resolution to Staff Sergeant Gagnon, the non-commissioned officer in charge of operations of the PM detail who was provided with the texts of the interventions in the Internal Economy Committee, the Senate and the Senators' complaints.

THE ECONOMY

ATLANTIC PROVINCES—IMPACT OF REDUCTION OF FREIGHT ASSISTANCE PROGRAMS

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question raised on April 19, 1989, by the Honourable Charles McElman regarding the Economy—Atlantic Provinces—Impact of Reduction on Freight Assistance Programs.

Hon. Charles McElman: If it is not too long, would you read it into the record, please?

• (1430)

Senator Phillips: As requested by Senator McElman, I will read the answer. It is as follows:

> I am sure the Honourable Senator is aware that the budget did not in any way touch or "interfere with" the Maritime Freight Rates Act (MFRA) or the Atlantic Region Freight Assistance Act (ARFAA).

I hope that was not too long.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Senator McElman is rising to give credit where credit is due.

Senator McElman: In keeping with my commitment, I thank the honourable leader for his representations and hope he will continue to make them, so there will not be any inroads in the future.

Senator Murray: I will certainly convey my honourable friend's congratulations to Mr. Wilson, who will add them to the large pile of congratulatory and laudatory sentiments he is receiving.

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on the evolution of the costs of Canada's health system and its consequences and to the need to appoint a committee or a sub-committee to study the matter.—(*Honourable Senator Barootes*).

Hon. Efstathios William Barootes: Honourable senators, before I begin I should like you to observe the badge I am wearing today. This is not an NDP badge. It is, in fact, in honour of this week, which is Nurses Appreciation Week in Canada.

Hon. Senators: Hear, hear!

Senator Barootes: The badge reminds us that "Canada's Nurses Promote Child Health." I bring it to your attention because I am going to speak about health problems today and I should like you to be aware of the fact that the nursing profession is the largest health profession in Canada. At the bedside and in the hospital they are probably the most important of our health professionals and closer to the patients than anyone else. They are probably less appreciated than they should be and are certainly the most underpaid of all the health care professionals in Canada.

Some Hon. Senators: Hear, hear!

Senator Barootes: In bringing this to your attention, I ask you to carry out a motto I have, and that is: Hug a nurse every day.

Some Hon. Senators: Oh, oh!

Senator Barootes: I do that when I am home, because my wife is a nurse.

Senator Frith: Would the honourable senator submit, as an appendix, his authority to make that suggestion?

Senator Barootes: Honourable senators, I rise to speak in support of the proposition put to us recently by Senator David, to congratulate him on the excellence of his preparation and report and, particularly, to draw attention to the profound research paper prepared by Mrs. Mary Colbran-Smith. I should also like to take the opportunity to thank those who have engaged in this debate, and particularly the very prudent and well-thought-out remarks made by Senator De Bané.

Honourable senators, since Saskatchewan has been, in this century, the crucible, the social laboratory for health care changes in North America, it may be that those of us who are citizens or politicians—and I notice that both Senators Steuart and Buckwold have left—or those who have been in the health profession in Saskatchewan might have something to say which could contribute to these discussions.

Many of the pioneering schemes that originated in Saskatchewan in the past 50 years have done so because of necessity. That necessity was brought on by our geography, our climate, our sparse population and, in the past, should I say, our inadequate communication and transportation systems.

For a Saskatchewan program to be successful—and I think this applies to all health programs in Canada—two things are necessary. First, there must be a demonstrated need. This makes for public acceptability. Second, there must be a mutual trust between those who are structuring and administering that program and those who, on the other hand, are providing the service.

I should like to give honourable senators some Saskatchewan examples that met these two criteria. In 1916 a municipal doctors' plan was originated, which provided that municipalities could raise tax money to pay to obtain and retain a physician in their area. That plan continued until recent years. In the 1920s a very unique anti-tuberculosis program—

Senator Frith: Very unique?

Senator Barootes: Unique.

Senator Frith: Yes; not "very unique."

Senator Barootes: Quite unique, as a matter of fact.

Senator Frith: No. The thing is either unique or not unique.

Senator Barootes: We do not wish to talk in either superlatives or absolutes. A unique program of the Anti-Tuberculosis League of Saskatchewan was originated by citizens and doctors. It provided care against the white plague without charge upon those who were receiving the service.

In the 1930s an innovative and superb program of cancer clinics originated in Saskatchewan, which has been copied elsewhere and which brought to us free treatment for those who suffered from malignancy.

In those programs it was recognized that there could be a devastating economic and social impact on a family where the homemaker or the breadwinner was struck with one of these diseases. That was the criterion which seemed to hold so well.

Then in the 1940s along came a new regime in Saskatchewan, with Mr. Douglas as our premier, and further firsts in North America were achieved. The first health care program for a needs group was established in 1944. That was for the elderly indigent, for the blind, for those on mothers' allowance, and others with chronic and long-term disabilities. The cost of that program was shared virtually equally between the medical profession and the government of the day.

Then along came another first for North America. When the depression struck, there was an area of Swift Current that was virtually a desert. However, 50,000 people were placed and, if you will, did well under the first universal, compulsory, comprehensive, health care scheme on this continent. It flourished. In addition to that, they included with it dental care for certain age groups. Because of our difficulties with transportation, an air ambulance was instituted—another first.

Finally, a great first in 1947: The first total hospitalization plan in any area in North America.

In 1958, some ten or eleven years later, Diefenbaker's government introduced the National Hospitalization and Diagnostic Services Plan.

Senator Haidasz: It was introduced by St. Laurent.

Senator Barootes: It was promulgated and instituted during the regime of Mr. Diefenbaker in 1958.

Senator Haidasz: But initiated by the Liberal government of St. Laurent.

Senator Barootes: We will not quarrel about who gets the credit, but let us say it did come into being in 1958, initiated Lord knows how many years before, having been discussed since 1942 by the federal government and in the House of Commons. In any event, it did come into being, and with it came to Saskatchewan a windfall of $12 million, because it was now a shared-cost program, whereas before the province was entirely responsible for it. That gave Tommy Douglas and his government the opportunity to propose his life-long objective of a universal, comprehensive, publicly administered, medical care scheme for all of the people of Saskatchewan. I might add that that was immediately prior to an election and that he won that election with an increased majority in the legislature.

● (1440)

But the scheme almost died aborning. Douglas's medicare program almost aborted before its birth, because there arose in 1961 and 1962 the perception among some people in our province that it did not answer the two criteria of a demonstrated need and mutual trust, because by that time there had developed a great many programs and a considerable coverage through doctor-sponsored, voluntary, health care schemes, which perhaps helped ameliorate the need, and because the mutual trust—which is so necessary between the government of the day and the administrators of the program and those who are providing it, the doctors—totally broken down. In my

opinion, the blame for this breakdown in the mutual trust that had previously existed lay with both sides, those who opposed the program and those who were promoting it.

Nevertheless, honourable senators, despite this strong opposition from some citizens' groups and an almost unprecedented withdrawal of office services by physicians for 23 days in 1962, the program was instituted on the basis of a compromise that was reached between the two quarrelling parties. A modified medicare program was instituted on July 23, 1962.

Let me indicate the importance of this bit of history. As with the Saskatchewan Hospitalization Plan, the medicare plan became a model, which was adopted almost holus-bolus by every province in Canada in subsequent years, from 1968 to 1971, when the federal share-costing for medicare schemes came into being. The only exception to this was Quebec, where some structural changes were introduced by that government.

Then the Canada Health Act, of which Senator David has spoken, came into being in 1984. It has, by its nature, essentially changed these provincial programs from the form of the Saskatchewan plan, and, by fiscal persuasion, plans have been made to conform more or less to the Quebec plan itself.

Honourable senators, my close association with these universal programs, virtually from the beginning—and I have the scars to prove it—suggests that there are certain observations and conclusions which should now be acknowledged.

Let me state some points on the positive side.

First, universal health care programs are here to stay. Despite occasional and sometimes frequent little glitches, they are very popular with our citizens—perhaps 99 per cent so, and probably 90 to 95 per cent popular with the physicians themselves. I think doctors would rebel if we went back to the old system. That is hard for me to say, I might add.

Second, a major diminution in benefits or transfer of the costs to the user is political suicide. Our Premier Thatcher tried this in the late 1960s, and it is said that his application of small utilization fees at the level of house and office visits may have been the major cause of his defeat in 1971. I think Senator Argue may agree with that. I believe that it is easier for a political party to abolish Christmas and Santa Claus than it is to abolish medicare programs.

Third, the fear that doctors expressed that they would lose their professional freedom, and that they would become virtually civil servants conscripted to service, has not been borne out. Individual doctors, in my experience, continue to make individual medical judgments on therapeutics and on investigative procedures with their individual patients without direct interference. Any frustrations that we, as doctors, may have experienced in this regard did not come from individual applications, but perhaps from the overall paucity of funding for our institutions and for our services, which really amounted to central rationing. It did not apply in my individual judgment cases.

Fourth, that sacred doctor-patient relationship, which we all revere, seems to have been preserved in individual cases. The family physician and his patient still retain that close and holy bond that they had before.

By and large, the universal programs seem not to have directly interfered with the self-government of our profession—to licence, to set standards, to enforce them, and to use discipline.

Fifth, point-of-service payments, or utilization fees, or co-insurance, whatever term you wish to use, if not introduced at the initiation of a plan, can only be imposed subsequently at the risk of political peril.

Sixth, it is politically impossible to retrench or to remove a benefit once it has been conferred on the public.

Seventh, universal benefits will be extended at these quadrennial auctions that we quaintly label as elections in Canada, with the offer of additional benefits in drug and dental programs, optometric and chiropractic service, home nursing, housekeeping, podiatric services—there is no end to them—and I presume, finally, as with the garment workers in New York, universal funeral services. There is no end to the ingenuity of politicians at these provincial election auctions.

My eighth point is that we now recognize that utilization fees and costs will rise steeply with the introduction of a new, free health service and that this will level off and plateau after the third year. In the absence of point-of-service utilization fees, which the Canada Health Act now precludes, it becomes difficult, I believe, to inculcate a sense of judicious use of the service either in the provider or the user of the service. It becomes a "right" of the user and it becomes a "no-cost convenience" to the provider of the service. It is no-cost because, as I say, it is much easier for a physician to look after one or more patients in a hospital, who are not deathly ill, than to have to visit them at their homes or have them come to the physician's offices. This is what I call "convenience of service."

Therefore, honourable senators, I say that it will follow, as the night does the day, that central budgetary controls will be applied, and that these can only be applied with political safety to the providers of the services, who are the hospitals and the health professionals. I believe they will not be applied by governments against the patients, who happen also to be the voters.

This progressive range and extension of benefits will include reduction or cancellation of premiums, token premiums, which are usually brought in at the initiation of a plan. I now see that even the Province of Ontario is seriously thinking of doing away with these token premiums. Each of these new and progressive steps will add to the cost to the provincial treasury.

• (1450)

My ninth point has to do with some fallacies regarding these rising costs. It is now accepted that there will be an early precipitous rise in the first few years, which is easily explained. Perhaps it is fulfilling, in many instances, unmet needs. Secondly, perhaps there may be some overutilization by patients and some overservicing by a few doctors. But most important, the increase develops because patients and citizens

gradually develop a sophisticated sense in the use of these services as they become better educated as to what is available.

As the costs begin to flatten out in the fourth and fifth years, they will always remain a couple of percentage points above the CPI, because certain factors come to bear. Modern medical science and technology has continuously been introducing new and costly forms of investigation and therapy, all of which, in my opinion, are either life saving or reduce suffering, morbidity, pain and disability. This is especially true in our rapidly aging population in this country, because older people require much more in the way of care and treatment than do the people of younger age groups.

I recall what it was like 30 years ago when medicare and hospital care were much cheaper. Let me give you an example. In 1947 the Government of Saskatchewan brought in the Saskatchewan Hospital Services Plan, originally aimed to cost $3.8 million. A review showed that it would cost probably $5 million. In the first year the plan cost $7.2 million, which is not quite double what the original expert estimate was. Last year that group of services—hospital services and chronic care—cost a little over $700 million, which is 100 times what the original figure was in 1947. So these costs will rise.

But as I think back 30 years, we did not have the sophistication of the modern care that we get today. How many of you can recall an intensive care unit in the 1940s, or a surgical care unit, a cardiac care unit, a respiratory unit, a burn unit, or infant mortality care consisting of a pediatric and intensive care unit for premature babies? We just did not have them. Nor did we have, you will recall, cardiac surgery, coronary bypasses or organ transplants. Senator Steuart will tell you about his four hip replacements in the last eight years. We did not have any of those things, and they are, indeed, highly expensive and technologically difficult.

If I wanted to be really caustic, I could say to you that 30 years ago, Dr. Haidasz, we did not do 60,000 abortions annually in Canada. We did not do any, as a matter of fact. We did not perform any sterilizations on males and females, of which there are now thousands performed each year. To my lament, I have had to try to reverse sterilization operations in some patients who have decided that, instead of being sterile, they now desire to be fertile. So I say to you, ladies and gentlemen, there are a great many things today that add to the cost of health care and will progressively keep adding to it as we make substantial technological and scientific progress.

Honourable senators, as in all service industries, effectiveness cannot be judged by statistical parameters alone. But planning administrators attempt these quantum measurements through their computers in order to try to analyse quality, whereas, in fact, they are only estimating quantum. They do it because they seem to think that they will find some clue to the control of their costs.

As they do so, we become exposed to the problems and shortcomings that Senator David and Senator De Bané tried to outline for us last week. As administrators try to control utilization by rationing the quantity of services and facilities through fiscal starvation, this may lead to adulteration of quality of service, an item which, from yesterday's discussions, does not seem to bother Senator Gigantès; but it could lead to the debasement of dedicated health professionals and to a deterioration of the morale in our institutions. We will then experience the additional woes of even longer waiting lists, delays in the treatment of sicknesses that are not too serious at the beginning but which, over a period of time, can become critical and even fatal as patients wait their turn to be treated in hospitals.

Honourable senators, unfortunately, the tragedy is that in our reorganization and restructuring of the funding of our hospital and medical care schemes we now have but one, solitary, source of funds—a monopoly paymaster, if you will; a single holder of the purse. This makes it difficult, in many instances, for us to remobilize and resurrect some of the other avenues of funding which previously existed in our society.

As health professionals, we struggle to provide modern care in underfunded and obsolescent institutions that lack the modern technological and scientific equipment of other countries. As we are doing that, our governments are grappling with the means to reduce the expense on their treasuries. Annually they are engaging legions of health planners, social engineers and so-called medical economists to deliver them, if you will, from their self-created predicaments.

Unhappily, some of these experts, who a few years ago were accusing organized medicine of stifling competition in order to maintain their own high earnings, have now decided that a major determinant in the cost of health care is the number of physicians who are licensed to practice.

These government advisers have now switched their position and, in contrast to a few years ago, are recommending reductions in the enrolments of medical schools, and either they are erecting a medical iron curtain against immigrating doctors in order to decrease the number of physicians in practice or, as is being investigated in the province of Quebec, they are decreasing the number of funded hospital positions for internship for doctors. Unfortunately, they have failed to recognize that Canada has always been a gross importer of medical manpower, frequently from countries to whom it constitutes a serious loss of human resources. This reversal of policies in the 1970s has made me somewhat skeptical and, indeed, has destroyed for me the credibility of some of these self-annointed bureaucrat-planners.

Now, the question arises: Is it possible for governments to contain, restrain and lower the cost of health services? That should be the subject of our committee's study. I say to you that it is very simple to do. Of course it can be done.

There are two major elements in the cost of health services. The first and major one is hospital and, if you will, nursing or chronic care institutions. Actually, 60 to 70 per cent of health dollars go into that component while 15 or 16 per cent go into physicians' care services, so the two taken together can add up to 80 or 85 per cent of health care costs.

• (1500)

Hospital costs could easily be reduced by limiting the number of beds for which the plans authorize payment—we could arbitrarily ration the number of beds that can be made available. This is a terrible thing to be able to say, but I can tell honourable senators that in my province, when I first began practising there, there were available 8.4 beds per 1,000 of population, which is exactly double what existed in Great Britain, where costs of health services are half of ours. We still retain a high bed-patient ratio per capita. We are wasting beds, as Senator David pointed out, by warehousing the elderly and chronicly ill in these active care hospital beds. Honourable senators, I repeat that we could arbitrarily reduce the number of beds we pay for and that would reduce hospital costs substantially.

As to physicians' costs—the 16 per cent component—these are now, for all practical purposes, totally in the hands of the administrators of the plans. They undertake negotiations at periodic intervals, and these negotiations sometime fail. If they do, rates of payment, fee schedules or salaries can be legislated or mandated, as has been done for several years now. This is particularly true in Senator David's province and has been happening in Manitoba and in Saskatchewan as well. These administrators, then, can control the costs of approximately 80 to 85 per cent of the health dollars spent.

This autocratic action may not seem fair, and it may not be moral or ethical, but cost containment can be achieved. It may mean the demoralization of health workers. There may be some complaints from the sick, especially those who cannot get into hospital when they become dreadfully ill, but the holder of this purse can do this if he wants to. It may not be popular, however, and might even result in serious damage.

Honourable senators, in response to a criterion put forward yesterday by Senator Gigantès, I propose this dreadful and unappealing suggestion to you, which I hope will never come to pass. But if it does, we would then have satisfied the criterion he put forward, that being the provision of average, mediocre care for everyone.

Health scientists, researchers and skilled professionals will desert Canada. That's fine; but we will have achieved the provision of that kind of health care which he advocates. Canadians who need or want better care will have to fly to foreign centres, where they will receive the excellent attention that Senator Gigantès feels should not exist in Canada because it is not egalitarian. True, we will have established in Canada, through the satisfaction of his criterion, two standards of medical service—one for those who can afford to pay to leave the country and one for the average income or poorer members of society, who will have to do with what we can offer to them.

One of the difficulties about which Senator David spoke with such feeling the other day was the renewal of our health institutions and the replacement of their obsolete equipment, which, as senators know, is now extremely costly. The fault lies with the way in which hospital budgets are handled in many of our provinces. In most cases provision is made annually for an operating budget, but there is no provision—and I emphasize that—there is no provision for depreciation and capital cost allowances, as there is in nearly all other industries. Therefore, when your buildings and equipment get worn out and need replacing, there is no sinking fund—no depreciation fund—with which you can replace that obsolete equipment or building that is falling apart. The institution must then go—and I use the word feelingly—begging, hat in hand, for funds from the monopoly paymaster. Or, as can happen in some of the larger, more affluent centres, they might depend on charitable institutions, foundations or corporate and public good will in an appeal. Even when they get that money from an appeal of a voluntary nature they must return to the hospital funding group of the government to explain that there are additional annual operating costs associated with the people who run the equipment, the space and the services that go with it. Again, they must argue to obtain those moneys.

It seems that our dependence on governments in this respect in the last 20 or 30 years has, to a considerable extent, lessened our community sense of self-reliance and self-sufficiency in many of our centres in Canada.

There are two or three other small aspects of our original plan in Saskatchewan where I believe we made errors in judgment. The original advisory committee on medical care to the Government of Saskatchewan in 1961 recommended the use of utilization fees in order to dampen utilization. These were not adopted by the plan. Today the Canada Health Act makes this fiscally irrelevant, because any savings made from utilization fees become offset by the federal contribution to the provincial plan. This aspect of service fees might be revisited with some reasonable investigation.

After our withdrawal of services on July 23, 1962, a settlement was made. It contained a clause which was put in there by two rather good thinking people. One was our Minister of Health at the time and the other was Lord Taylor, who came to mediate. They inserted a compulsory arbitration clause in case of a major dispute or disagreement on certain defined items. We signed that. Four days later, upon reviewing it, the medical profession repudiated it and it was removed.

That arbitrary clause was placed in there by these gentlemen on this rationale: the government of the day, or its agency, would be virtually the only paying agency. The medical profession would have the right to set the rates of compensation or the fee schedules, and if they did not agree the government could legislate its will. Therefore, it seemed overdone on one side of the bargaining table to have it that way. If a major dispute came along and there was compulsory arbritration, one side would not get what it wanted and neither would the other side get what it wanted, but with a reasonable group of three arbitrators, including a judge or someone of that nature, an arrangement would be decided upon. At the time I thought that was not a bad idea, but it was rejected.

The second aspect of this is that in today's modern society, withdrawal of services by health professions is unacceptable to the public of Canada and to many of us in the profession. It has been done, but I do not think it should be done. It inflicts damage on the very people whom we are supposed to be

helping and shepherding back to health. Therefore, I say it might not be a bad idea, a *quid pro quo*, if the health profession gave up any right to withdrawal of services, which, in the old context, was the only hedge they had when the government could legislate its wishes. The health professions might well give up this right to withdrawal of services on the basis of major disputes as defined—whether it is the number of nurses in hospital, which has been the cause of many strikes, or inadequate nursing complement, inadequate salaries, or physicians with their fee schedules. Perhaps the *quid pro quo* could work. If the health profession rejected the opportunity to withdraw services, compulsory arbitration might well be the solution for those disputes, which hitherto have led to such great heartache.

Honourable senators, there is one other aspect I wish to make a remark about, and I do not know whether to use the expression "misuse" or "misunderstanding" of the buzz words "equal access to service." This played a large part in Mr. Justice Emmett Hall's second commission on health services, and it led to the Canada Health Act and to the removal of any kind of utilization fees, because he felt it removed equal access to service.

In a comprehensive universal health care program, benefits cannot be made equally accessible and available. It is not within the realm of reason to tell me that I could have treatment for a head injury in Inuvik or that I could equate the services available in the Arctic with those in downtown Ottawa or Metropolitan Toronto or the McGill Centre. In other words, geography and many other factors—distribution of facilities and personnel—do not make it possible for all Canadians to have immediate availability and access to service. We should disabuse ourselves of the idea that we are going to have cardiac surgeons and brain surgeons in the Arctic Circle or in northern Saskatchewan. There are going to be difficulties. However, we want to provide as good a service as possible with the facilities we now have available.

Honourable senators, for the reasons I have outlined and for many more, about which I could go on for another hour, if you wished, I believe that the proposal placed before us by Senator David is one to be commended and one to which we should give our full support.

This chamber, through one of its committees, should undertake a study of the evolution of costs of Canada's health care system.

On motion of Senator Haidasz, debate adjourned.

• (1510)

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTINGS OF THE SENATE WITHDRAWN AND ORDER DISCHARGED

On the Order:

Resuming the debate on the motion of the Honourable Senator Stewart (*Antigonish-Guysborough*), seconded by the Honourable Senator Marsden:

That the Standing Senate Committee on Foreign Affairs have power to sit at four thirty o'clock in the afternoon on Tuesdays for the balance of the present session even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.—(*Honourable Senator Hastings*).

[Senator Barootes.]

Hon. Earl A. Hastings: Honourable senators, I wish to yield to the Honourable Senator Stewart with respect to this motion.

Hon. John B. Stewart: Honourable senators, I have already spoken on this motion, but the prospects that the motion will succeed in a reasonable time seem very dim.

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to point out that if the Honourable Senator Stewart speaks now, he will be closing the debate.

Senator Stewart: Honourable senators, as a consequence of what I have said, I request the consent of the Senate to have the motion withdrawn and the order discharged.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

Motion withdrawn and order discharged.

OFFICIAL REPORT

CORRECTION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have been getting some totally unearned compliments for what has been described as an excellent speech given on May 4, 1989, on the subject of the environment, under the rubric of the Address in reply to the Speech from the Throne. I say "unearned," because it appears in *Hansard* as if I had made this excellent speech on the environment, when, in fact, it was made by Senator Spivak.

This occurred because she opened her comments in French and I complimented her on her French. She then continued in English, but it does not show that she resumed the debate in English.

That error should be corrected, because, as she pointed out concerning the speech that I made on the subject of the address in reply, I made no reference to the environment. However, I did score a zero out of ten on a number of other subjects. She has advised me that on the subject of the environment she gives me a zero out of ten.

I hope that that correction will be made.

NATIONAL FINANCE

NOTICE OF COMMITTEE MEETING

Hon. Orville H. Phillips: Honourable senators, before moving the adjournment of the Senate, may I point out that it is hoped that the Finance Committee will begin its meeting earlier than scheduled?

Hon. Royce Frith (Deputy Leader of the Opposition): Yes. I am glad that Senator Phillips raised that point. We had been hoping to do so.

I have a message from the Clerk of the Committee that the witnesses are ready in room 256-S. Although we had planned to meet at four o'clock, we would ask any members of the committee to go straight to room 256-S so that we can start earlier.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 11, 1989

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

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 11, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SIXTH REPORT

Your Committee recommends that the pay scales of unrepresented employees be increased by 4% effective April 1, 1989.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*Translation*]

APPROPRIATION BILL NO. 1, 1989-90

REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Fernand E. Leblanc, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Thursday, May 11, 1989

The Standing Senate Committee on National Finance has the honour to present its

SECOND REPORT

Your Committee, to which was referred Bill C-14, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990, has, in obedience to the Order of Reference of Tuesday, May 9, 1989, examined the said Bill and reports as follows:

Whereas parliamentary control of public money is a fundamental principle of parliamentary democracy; and

Whereas, given the fact that the need for additional parliamentary authority for ordinary payments by the government was known from December 16, 1988, but Parliament was adjourned to March 6, 1989, and prorogued to meet April 3, 1989; and

Whereas the Bill would confirm certain payments in January, February and March, 1989, made by Governor General Special Warrants without parliamentary appropriation; and

Whereas the payments by the Governor General Special Warrants signed on April 1, 1989 were made without parliamentary appropriation;

Your Committee reports the Bill with the following amendment:

Page 3, clause 7:

Add, immediately after clause 7, the following clause:

"8. The payments made by the Special Warrants, signed by the Governor General on January 19, February 16, March 23 and April 1, 1989, shall be deemed to have been legal."

Respectfully submitted,

FERNAND E. LEBLANC
Chairman

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

Senator Leblanc (Saurel): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

I must apologize for the fact that copies for the senators are not yet available, because of the short time we had to present the report. I imagine someone at the Clerk's table could have some copies made and distribute them to honourable senators.

The Hon. the Speaker *pro tempore:* Before we move the motion, the Clerk Assistant told me he had already asked for copies to be made, and he says they will be here very shortly.

Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), Senator Leblanc (Saurel), seconded by Senator Robichaud, moved that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

[*English*]

Hon. Orville H. Phillips: Honourable senators, I rise on a point of order. This morning, if I understood the ruling of the Law Clerk in the National Finance Committee, he said the motion was out of order. That leaves me, as a layman in law, rather puzzled. I do not adopt the attitude of Mr. Eugene Forsey that the Supreme Court is wrong and that all of the legal advisers to the government are wrong. Rather, I find myself in a very difficult position. I have no desire to delay the proceedings in the Senate, but I feel the Chair should, before allowing discussion on the amendment, rule on whether the amendment is in order, and I would so ask the Chair to do.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, speaking on the point of order, the point raised by Mr. du Plessis was not that the proposed amendment was out of order. He disagreed with the wording of it and felt that it was ineffective, but he did not say it was out of order, as I heard him. We had opinions expressed in the committee on the effectiveness of that proposed amendment. If Senator Phillips' discomfort and confusion is based on the fact that there was no debate in the committee and that no one disagreed with the effect of the amendment, then his discomfort is well placed. But Mr. du Plessis did not say that the amendment was out of order. That is not what occurred.

• (1410)

At any rate, it was a useful point of order, because it provided the time for copies of the report to be distributed.

The Hon. the Speaker *pro tempore:* I wish to thank honourable senators for having given me yesterday, at least, free from a request for a ruling on a point of order, thereby allowing me to get settled into my new temporary post.

It seems to me that what goes on in committee is not for the Senate itself to determine; committees are, in their capacity, masters of their own operations and, although we may or may not agree with the report of a committee, points of order raised in committee are not to be settled by the Speaker in the chamber.

Honourable senators, that is my ruling. If it is the wish of any senator to raise in the Senate itself the question whether this is a proper amendment, then I will ask for time to consult with the officials on the matter.

Senator Phillips: Honourable senators, without necessarily agreeing with the ruling of the Speaker concerning the committees—I feel that he is in error, but this is not the time to pursue that—I rise on a separate point of order on this same matter to ask the Chair now to rule on the legality of the amendment.

Senator Frith: Honourable senators, speaking to the first point of order, the reasons for it were expressed and the ruling of the Chair was that that objection was not well founded. I would be glad to answer, or try to answer—certainly, to express my views upon—the second, or separate, point of order if I had some idea of the basis for it. I cannot help His Honour in making a decision on the basis of someone saying, "I think it is out of order." It seems to me that, if that is what we are faced with, His Honour could probably find it in order "sur le champ"—on the spot, because there is no basis for the objection.

Hon. Henry D. Hicks: Perhaps Senator Phillips would expand upon his feeling that the amendment is not in order. I haven't the faintest idea why it is not in order.

Senator Phillips: I believe the committee heard evidence that the legal procedure was followed as far as the introduction of Bill C-14 was concerned. This amendment, in my opinion, is merely trying to state that the procedure followed was illegal. The amendment says that we are giving legality to an illegal act, when none occurred. That is the basis of my objection.

Senator Frith: Honourable senators, what Senator Phillips has said is certainly not irrelevant to the debate on the motion, but it is not a point of order. He can say that he is against this amendment because it implies that something illegal, in the constitutional or in any other sense, was done. He can say that he does not agree that something illegal was done. His comments are perfectly relevant to the motion to adopt the report, but they do not constitute a point of order as to the regularity of the motion.

Hon. Gerald R. Ottenheimer: Honourable senators, without having had an opportunity to research this at all, it would appear to me that probably the nub of the question is whether it is in order for the Senate to amend a financial bill.

Senator Frith: Oh, we could be here all day on that one!

Senator Ottenheimer: It appears to me that that is something the Chair would need to take into consideration and would be a very important matter in the determination of this point of order.

I do not intend to accept Senator Frith's invitation to be here all day on this, but, in the spirit of collegiality, I make this brief reference.

Senator Frith: Honourable senators, that is quite a different point. There is ample authority for the Senate's power to amend and deal with a money bill. In fact, it must deal with money bills, and included in its powers is the power to amend.

The only stipulation I know of to the contrary is a provision in the Standing Orders of the House of Commons, in which they, in my respectful submission, Your Honour, attempt to amend the Constitution of Canada by simply amending the Standing Orders of the House of Commons. There is no doubt that members of the House of Commons could be found to support the question raised by Senator Ottenheimer. I had hoped that there would be no members of the Senate who could be found to support such an unsubstantiated and, in my view, outrageous proposition.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable

senators, I was not present this morning at the committee meeting. Do I understand that Your Honour has ruled or has reserved his judgment on one or other of the points that have been raised?

The Hon. the Speaker *pro tempore:* At this point I am listening to honourable senators to find out whether or not there is a point of order. I do not believe that what occurred in committee is the responsibility of the Speaker to rule on. That is a matter for the committee. Once the matter comes to the chamber, we can agree or disagree with what the committee has done.

However, I am listening now to honourable senators to see if indeed there is a point of order before us. I would point out to honourable senators that the Speaker is not here to interpret the law. The Speaker is here to interpret the rules of the Senate. The point of order, if there is one, must show that the rules of the Senate are not being followed. Then I would be in a position to rule. At the moment I do not see what rule of the Senate is being brought up as the point of order.

Senator Murray: I agree with you.

Hon. Louis-J. Robichaud: Honourable senators, I was going to make the suggestion that perhaps we could recess for five minutes in order that the Speaker might consider a ruling, but he has made the ruling that the matter is in order. The point raised by Senator Phillips was to the effect that this amendment, or this report, is out of order. However, it is in order.

I don't see what the fuss is all about. The opposition contends that something illegal was done and that this amendment is simply a process by which we render legal what was illegal. The legality of our process is questioned by Senator Phillips. I think we can carry on. I believe this is a good amendment, and I congratulate the commitee on having produced a good report.

Some Hon. Senators: Hear, hear!

Senator McElman: Question!

The Hon. the Speaker *pro tempore:* Honourable senators, at this moment I find myself with an inability to rule, because I have not yet been presented with a rule that has been broken. Unless I am told by someone that a rule has been broken, and I am told which rule, I have no basis on which to rule on anything. Therefore, the debate can proceed.

Hon. Eymard G. Corbin: Honourable senators, I would accept the invitation of the Chair to point out to him that a rule of the Senate has just been broken. Rule 16(*a*) says:

> (*a*) Senators shall not pass between the Chair and the Table;

While His Honour the Speaker was on his feet, an honourable senator did cross the chamber between the Chair and the Table.

Some Hon. Senators: Shame, shame!

Hon. Douglas D. Everett: Honourable senators, I apologize to the house for breaking the rules of the Senate and I apologize to His Honour for passing in front of his august presence.

[Senator Murray.]

The Hon. the Speaker *pro tempore:* At least that is one matter disposed of.

Senator Everett: I should say, honourable senators, that I did bow as I went by.

The Hon. the Speaker *pro tempore:* Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), it is moved by the Honourable Senator Leblanc, seconded by the Honourable Senator Robichaud, that this report be now adopted.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Duff Roblin: Honourable senators, I rise on a point of order—I hope it is a point of order, but certainly it is a suggestion—that those who support this amendment should give us the benefit of their opinions, because not all members of the Senate are members of the committee and the matter may come to them as a new proposition.

Senator Frith: Yes.

Senator Roblin: I hope that whoever believes this motion is a good thing will tell us why.

Senator Corbin: Or in the reverse!

Senator Frith: How can I resist such a polite invitation—and I did not say that sarcastically at all.

Honourable senators, first, let me place the report in context. It is based on a question that arose when the committee was dealing with the reference of this bill in evidence that was given by Dr. Forsey and his opinion as to the constitutionality of the use of Governor General's warrants, as confirmed by this legislation.

The issue is: Is the way in which the government has used Governor General's warrants in the present context constitutional? Dr. Forsey stated that he thought not and that it was unprecedented, because at no time in our history has a government used Governor General's warrants as authority to take money out of the Consolidated Revenue Fund when Parliament was in session and available to vote supply and on the basis of Estimates that had been presented to Parliament.

Honourable senators will remember that after the election Parliament was summoned, dealt with the business, and Supplementary Estimates were tabled. Therefore, the government told Parliament, "Here is what we foresee as our expenses." It did not, however, ask Parliament to vote any supply.

To use Governor General's warrants while Parliament is in session, although adjourned—as is done in Canada—is considered unusual in other countries. In Australia and England, and, as we were told by Dr. Forsey, in all parliamentary systems—we are apparently an anomaly in this sense—

Senator Barootes: We are very different!

Senator Frith: —if a government asks for dissolution it first asks for supply before it dissolves.

The problem here is that these were not urgent or unusual expenses. They were covered by the Supplementary Estimates and they were, therefore, for ordinary expenses. As Senator Roblin has pointed out to us, Dr. Forsey's proposition was that although Governor General's warrants for ordinary expenses have been used, they have been used in that period between dissolution and the recalling of Parliament. What made this situation unprecedented was that it was a breach of the basic principle that only Parliament can vote supply, and that the principle of responsible government actually gets in gear, or, to use the American expression, the rubber hits the road, when the government must come to Parliament to ask for money. Never before has a government called Parliament, presented Estimates, and then prorogued Parliament without taking advantage of the fact that Parliament was in session and could be asked for interim supply while it was there.

Senator Flynn: That was done in 1940.

Senator Frith: No, it was never done.

Senator Flynn: It was done in 1940.

Senator Frith: It was not done while Parliament was available. That was Dr. Forsey's proposition. The proposal that is contained in this amendment is the result of his suggestion that, by doing so, the government had created a danger that this kind of practice, namely, using Governor General's warrants while Parliament is in session for ordinary expenses of the government—and I emphasize, honourable senators, not unusual but ordinary expenses of the government—could lead to abuse. If, for example, this bill were allowed to pass as is, then, because it confirms and verifies those Governor General's warrants, someday some government could do the same thing based on this precedent.

In other words, someday some government could call Parliament and adjourn, because, remember, this is done on a government motion, or it could prorogue, which is also done by government recommendation, and—

Senator Flynn: Or dissolve.

Senator Frith: No. Dissolve would be different.

Senator Flynn: Ha, ha, ha!

Senator Frith: I tell you, honourable senators, there are very few people who are as easily amused as Senator Flynn—usually by his own jokes.

Senator Flynn: I have a sense of humour. I wish you had the same!

Senator Frith: In any event, it is comforting to know that he is listening. So I will have to start again.

Senator Flynn: I wish you would!

Senator Frith: Thank you. In fact, I am glad to have the opportunity to repeat this; I would be glad to say it two or three times or more.

The danger that Dr. Forsey sees is that, if we allowed this to become a precedent, then a future government could use it by saying: "Look, we have adjourned or prorogued Parliament for six or seven months and we are going to use Governor General's warrants for ordinary expenses in the meantime." Then, when someone complained, the government could say: "But it was done in 1989 by Mr. de Cotret, with no objection." The precedent would exist that this had passed not just through the House but through Parliament, including the Senate, and that, therefore, there is nothing wrong with that procedure because a precedent had been created.

So we said to Dr. Forsey—and this brings me to the second of my three points—

Senator Barootes: That is a great fairy tale!

Senator Frith: I beg your pardon?

Senator Barootes: That is a fairy tale!

Senator Frith: Oh? What is a fairy tale?

Senator Barootes: Your version of what might happen.

Senator Frith: Very well. Honourable senators, a very important point has been raised by Senator Barootes. Imagine what might happen, what a government might do, if this exercise were thought to be a fairy tale. Think about that. That means that there is no need for a constitution.

• (1430)

Senator Stollery: Or Parliament either!

Senator Frith: Constitutions and laws are written on the assumption that something undesirable might happen and should therefore be prevented from happening. In fact, this point can be brought to bear on any question of constitutionality. The "Barootes formula."

Senator Perrault: That is mind boggling!

Senator Frith: Why do we say in the Constitution that Parliament has to meet once a year? That provision is there because a government might try to rule without Parliament. "A fairy tale," says Barootes!

Senator Barootes: The sky is falling!

Senator Frith: Why do we have the Charter of Rights and Freedoms? Why is it important to have a constitution at all? We wouldn't have these things if Senator Barootes were Prime Minister. He would say, "That's all a fairy tale. Don't bother me with your constitution. It is a fairy tale."

An Hon. Senator: Little Red Riding Hood!

Senator Barootes: The sky is falling!

Senator Perrault: Shame!

Senator Frith: Now, to go on without the Conservative answer to Hans Christian Andersen, we on this side do not think that having a constitution is unnecessary or that the possibility of abuse of power is a fairy tale. Senator Barootes does, but we don't. That is why we are proposing this amendment and I suppose that is why he voted against it.

Senator Denis: He is alone!

Senator Frith: We are proposing this amendment because, like Dr. Forsey, we believe that the precedent ought not to be

created. We asked Dr. Forsey, "If we want to be sure this does not become a precedent, what do we do?" He suggested that we reject the bill, send it back to the House of Commons, and invite them to re-introduce the bill with an amendment, using the formula that he offered, which we have included in this amendment.

We felt that, rather than sending the bill back to the House and asking it to pass another one including this provision, we ought to put in the amendment and give the House the chance to accept it.

Senator Guay: We didn't want to delay.

Senator Frith: Those are the reasons for this amendment. The reason for the somewhat, I admit, arcane wording is that that is the wording suggested to us by the person who saw the danger and who seems to be generally recognized, certainly on this side, as an expert in his field.

Senator Flynn: When it suits your purpose!

Senator Frith: The third question is: What is the effect of the amendment? The key word in the amendment is "deemed"; the use of Governor General's warrants, as I have described, will be "deemed" to have been legal. The reason that the word "deemed" is used, of course, is that you do not have to deem something as a fact, if it is a fact. In law you deem something, such as this cirucmstance, to be fact, and thereby purge an error. That is the purpose of this amendment and that is the effect of the amendment; it is to make sure that, if the government does not want this procedure to become a precedent, it merely has to accept the amendment. That is the effect and purpose of this amendment. Its purpose is not to deny the government supply but to make sure that the government does not obtain funds out of the Consolidated Revenue Fund this way in the future. I refer to this government and to any other government, Liberal or—surely there could be no other kind—but no government, no matter what its political stripe is, should be able to use this action as a precedent and say, "In 1989 Parliament, including the Senate, gave this dangerous precedent birth." For that reason, honourable senators, I ask you to support the amendment.

Some Hon. Senators: Hear, hear!

Senator Roblin: Honourable senators, I am afraid that for some of us what I have to say may be regarded as threshing old straw, because over the past few days, both in the house and in the committee, we have had a pretty thorough discussion of a number of aspects of policy and legality with respect to special warrants. However, I think it might still be useful to state some opinions which will not be universally admired by senators across the way.

Issues have been raised that are substantial and do deserve consideration. It may very well be that in the course of time we will decide that our method of handling special warrants is not perfect and that we should, perhaps, have recourse to the United Kingdom system, but I will leave that aside for one moment and will deal with the situation we have before us at the present time.

[Senator Frith.]

There are several issues which, I think, require some clarification. The first is the concept of what can be properly covered in a special warrant. Is it, indeed, an emergency item only that can be included in that kind of appropriation of public funds or does it really include much more than that, namely, the ongoing expenses of government which, by no usual standard, would be regarded as emergency expenditures?

I point out to honourable senators that ever since the modern form of special warrant came into existence in the latter part of the last century—in 1896, I believe—every special warrant that has been passed since that day has included what would normally be regarded as the ongoing expenditures of government. So the term "urgency", which has been relied upon or referred to, has to be looked at with some caution.

In 1896 the Laurier administration passed two special warrants before Parliament met, one of which was passed the day before Parliament met and which covered the general expenses of government.

You can go on to the time when Mr. William Lyon Mackenzie King called the Parliament together in 1940, for five hours. Instead of taking the opportunity, as I think Senator Frith would have advised him, to present Parliament on that occasion with the Supplementary Estimates he would need if he were going to adjourn the Parliament, he adjourned it anyway, without any reference to the sacred public expenditures, and did not produce any Supplementary Estimates required in that period. After the Parliament was adjourned, he then passed special warrants, which are recorded in the list of special warrants which Dr. Forsey has provided me. If you were to go from 1926 to 1979—

Senator Frith: He dissolved Parliament; he did not adjourn it.

Senator Roblin: Let me correct myself. That is correct; he dissolved Parliament. However, the point I am making is that he did not take advantage of the opportunity to produce a special warrant in order to cover himself during the period of dissolution. He did it afterwards, and that, in the minds of some, might be contempt of Parliament, by not applying to Parliament for the usual authority to spend money.

In all the special warrants from 1926 to 1979, and later, this same idea that special warrants could properly be extended to cover ongoing expenses of administration was accepted. As far as I know, in every one of those warrants that type of expenditure was contemplated and approved by Parliament. So, in my opinion, the argument we have been having as to whether the current set of special warrants could properly include expenditures of the kind I mentioned is one which could be resolved in the affirmative.

This is not a new issue. In 1926 Mr. Baldwin, MP, who was a member of my own party, complained about special warrants including payments for pictures to the National Gallery, which is the kind of objection raised by Senator Stewart.

Let us examine the special warrants that have been passed since those days. I have one for the 1979-1980 period, which I

will not quote, but I can simply tell honourable senators that in that special warrant were listed all kinds of ongoing expenditures.

So I think one has to say that there is plenty of precedent for including ongoing expenditures in special warrants. In fact, it is the normal course.

Senator Frith: During dissolution it is the normal course.

● (1440)

Senator Roblin: So we have now agreed that this is the case. I certainly think there is more acceptance of that idea now than there was before.

We now come to another proposition concerning urgency that I think deserves careful examination, and that is that different kinds of urgencies give rise to different kinds of special warrants. It was postulated for us by Dr. Forsey yesterday that there are really three tiers of special warrants: those that are issued after dissolution; those that are issued after prorogation; and those that are issued after an adjournment in accordance with the statute. Dr. Forsey said that those three types of special warrants are not the same and that they require a special criterion of urgency before items can be included in them.

I hope I have not misrepresented the situation in any way, but that is the way it came across to me—that is, that there were different kinds of special warrants and that the kind of urgency differs with the kind of warrant.

Philosophically, that may be an interesting proposition, and anyone is entitled to hold it, but one has to ask: What are the facts? Has a special warrant issued after dissolution differed in any particular way with respect to urgency from special warrants issued after prorogation? I suggest you cannot find any difference, and if you say, "Oh, yes, the special warrants that were issued during the adjournment of the House are quite different," well, I think that is a debatable proposition, because why are special warrants issued during adjournments of the House? Because they are sanctioned by Parliament. That is the point that many of us seem to be overlooking in our objection to philosophical or constitutional matters that are legitimate.

We are overlooking the fact that Parliament has sanctioned the issuance of special warrants during adjournments and that Parliament has not set any condition as to the matter of urgency or raised any question as to the content or form which the special warrant should have. That is a fact, and if governments take their action under the terms of the statute, I do not think it is proper to fault a government in any legal sense. You may say you do not like the statute; you may say that it ought to be changed; you may think that the rules are wrong; but I think those are separate propositions which could be debated separately and which might be the subject of an inquiry in this house for all I know.

In terms of the present situation, to maintain that there are three separate tiers of urgency with respect to these matters is a legitimate opinion, but, in my opinion, it does not accord with the legal facts before us or to the will of Parliament, because, if Parliament had wished to have a special concept of urgency for warrants issued under section 30—and that is what has created a great deal of comment here—Parliament would have said so; if it did not say so, no one can say that what the government is doing in this case is improper. You may say that it is improper, but I think you must say that it is within the four corners of the statute. That is the matter that is before us now.

So we have the question of urgency and we have the question of the three tiers. I do not think that on any reasonable examination of the matter the government can be faulted for what it has done. You may like to say that you would like a new game plan for special warrants, and you may discuss that, but to criticize the administration for doing what it has done is a questionable proposition.

I want to come to one or two other points before I take my seat. There have been so many issues raised that one could go on for a long time, but that would be unfortunate, in my case, I assure you.

Let me put before you the idea that King Charles I is still alive, that his head has not been cut off, that he has come back to tax us without parliamentary sanction and without parliamentary consent and approval, and that we are exposing ourselves to a regime which might see the rights of Parliament and the control of the public purse reduced, ignored, bypassed, blocked and frustrated.

I think that is a serious proposition and one that has to be looked at seriously. What puzzles me is that those who take the view that King Charles I did not get his head cut off, in the metaphyscial sense, seem to have attached their proposition to this particular set of special warrants that are before this house.

Fair game. The only thing is that ever since 1896, when special warrants that encompass a wide range of expenditures were first developed in this country, it has always been possible for an administration to do the nasty things that Senator Frith is concerned about and that Dr. Forsey has sketched so vividly for us. That has always been possible under the laws that have stood for these many years. Now, that has not been done, which is not to say that that will never be done, because one never knows. "Never" is a long, long time.

I think if anyone has any regard for conventions of Parliament, as I am sure we all have, if anyone has any regard for experience of parliamentary procedure, and I think we all have, if anyone has any interest in the actual history of what did happen as compared to what might have happened, then we find that those fears are, to say the least, somewhat exaggerated. If someone wants to come along to me and say, "Well, I am going to make very sure that nothing happens," that is another proposition, but I have grave reservations whether this amendment has anything to do with that proposition at all and I intend to show that it does not.

But it seems to me that, when one considers that the ability to override the rights of Parliament has existed for the past 93 years, it is going a little far to say that we are on the threshold,

or in imminent danger, of this sort of thing happening now, particularly since the present administration did not do that. They did call Parliament back, and that is part of the financial bill we are dealing with. So, certainly the concerns expressed are not borne out either by experience or by the activities of the present administration or by those of any administration in the past.

While those fears are theoretically possible and are fears that would appeal to one with a logical mind—and I am sure we have many logical minds around here, it really seems quite unlikely from my point of view. It seems to me that one could say, "Well, the power exists." Maybe it does. The power exists for the Governor General to dissolve us tomorrow, the power exists for the Governor General to call on somebody else to be Prime Minister, and to do a number of other things that reside in the royal prerogative—

Senator Frith: What a good idea!

Senator Roblin: It depends on whom the Governor General calls. If the Governor General called on me to be Prime Minister, I would be in favour of it for about 50 seconds. After that, I think I would decline.

But the point I am making is that, constitutionally, there are many possibilities.

Senator Frith: Consider yourself as having that length of term!

Senator Roblin: There are many possibilities, but none is likely. For example, Dr. Forsey told us that the Governor General ought to refuse to sign special warrants. Well, I suppose one could conceive of a situation where that might be a good idea, but, normally, one could hardly recommend that as a policy to follow. That is unlikely. So I say to you that displaying these fears about the revival of despotic executive government over the purse is stretching a rather long bow. I feel disinclined to become excited about that particular part of the argument that has been put forth by my honourable friends.

But let us suppose they are right. Let us suppose they are right on every count. Let us suppose they are right in thinking that the question of urgency is something that they have some qualms about. Let us consider that they may have a theoretical case to deal with this question of executive tyranny. What does this amendment have to do with those issues? I cannot see that it has anything to do with those issues. This amendment merely says that the statute, which is already approved in these special warrants, shall be deemed to have done something legal.

No one has suggested that the special warrant under section 30 is illegal in any serious sense. Some people have said they do not like that because they have concerns about the urgency question, but, in terms of legality, I think the government has acted within the four corners of the statute and, more than that, they have produced clause 3 of this bill we now have before us which they regard as being—and I am not a guru on this—redundant, unnecessary, covered by law already, but put in here for greater certainty and in order to bring the issue to the attention of Parliament, which is commendable. Now we are coming along and saying that not only is that all right, but we are going to double-deem it. We are going to double-insure it. It is legal. It does not have to be in the bill. The government has put it in the bill for greater certainty, and we are coming along and saying that we are going to deem that the legal things that they have done are legal. Well, I do not see the force of that argument.

• (1450)

What has this got to do with the tyranny of the executive? I do not know how this is going to satisfy any of the complaints raised about the opportunity for a despotic government. It is not in this amendment. Maybe it should be, but it is not here. Regarding the other question of what "urgency" means, and what items should be contained in special warrants, or whether there should be different rules under the three stages I have mentioned on several occasions, that question is not covered in the amendment so far as I can see.

So I think this amendment is a nullity with respect to the intentions of the Senate to deal with the problems that have been raised. It seems to me that we would be well advised to forget this idea; if we have some real concerns about urgency or circumscribing special warrants or amending section 30 subsection (5) or dealing with executive tyranny, those things can be dealt with if this body wishes to do so, but I do not think they are covered in any way by this amendment.

At the risk of short-circuiting all of the many arguments that could be made on both sides of this issue, but to avoid detaining the house any further, I simply say that I do not think that this amendment deserves our support.

Some Hon. Senators: Hear, hear!

Senator Everett: Honourable senators, Senator Roblin bases his argument on precedent, but, first of all, I think we have to deal with the question of legality. What the amendment proposed here says is that the action of the government in using Governor General's special warrants shall be deemed to be legal. In other words, there is an implied suggestion, as Senator Frith has said, that the action is not necessarily legal. The word "deemed" is the operative word; that it shall be made right by the action in the statute itself.

Now, it is true that section 30 subsection (5) of the Financial Administration Act allows Parliament to use special warrants while it is adjourned, but it seems to me that there is a legal escalation that is to be found in the word "urgency". Nobody disagrees that, when Parliament is dissolved and cannot be recalled until after an election, the normal expenses of government that have not been met may be met by special warrants. But if, as in this case, Parliament was either adjourned or prorogued and it can be recalled, then the definition of "urgency" escalates. Indeed, in this case, where Supplementary Estimates have been tabled, Parliament could easily have been called back to deal with the issue of supply. Therefore, there was no reason for the special warrants to be utilized.

But it goes further than just the legal aspect of it; it goes to the question of constitutional usage. It may be that a minister can state that this is an urgent matter, and it may be that Parliament has to accept the minister's statement, but constitutional usage goes further than that and precludes a government from utilizing the urgency argument beyond what could normally be intended. Where Parliament can be recalled, it seems to me that the government can only then ask for special warrants when there is a real urgency with a harmful result, not something that, in a dissolution sense, would be an ordinary, everyday expenditure of government.

So what we are really dealing with here is the convention and the usage; and, therefore, precedence, as Senator Roblin has stated, becomes very important. If we allow this precedent to hold, it will be utilized and relied on by other governments, thereby eroding the whole process of Parliament's control of supply.

It is interesting to note that the amendment does not purport to refuse government supply. It merely says that the process should be followed in the proper manner.

Senator Flynn: It does not say that!

Senator Hastings: Yes, it does.

Senator Everett: Yes, it most certainly does.

An Hon. Senator: It is implied.

Senator Everett: It states that the actions will be deemed to be legal, therefore indicating that on their own they are not legal, either in the pure legal sense or in the constitutional usage sense.

Senator Roblin says we do not have to worry that the powers exist and can be used at any time; we should rely on the fact that they will not be used. But we do not rely on the fact that powers will not be used; we always rely on precedent. We always fall back to that, and I can hear people saying in the future that in 1989 Parliament passed legislation that permitted the use of special warrants when Parliament was adjourned or prorogued.

But in that whole scenario Senator Roblin dismisses the Charles I argument. Our parliamentary democracy is based on the parliamentary control of supply. If that is eroded in any way we damage Parliament, and through damaging Parliament we damage democratic freedoms. So it is not an issue of trying to control the situation from the point of view of saying that there will be no supply. The supply bill is intact. It purely and simply is saying, "Don't use warrants for purposes that they could not possibly have been intended for." Use warrants—

Senator Flynn: If you wanted to say that, why didn't you say that?

Senator Everett: We have said it.

Senator Flynn: Certainly not!

Senator Everett: Most certainly we have! In using the word "deem" we have said just that. In any event, whether you agree that we have said it or not, the objective has been to say that there is no precedent which permits the use of warrants when the House is adjourned or prorogued, unless there is a real and present discernible urgency. That is what we are saying, and it is an important issue in terms of parliamentary control of supply that that be established.

Some Hon. Senators: Hear, hear!

[*Translation*]

Hon. Jacques Flynn: Honourable senators, regarding the issue of the Governor General's warrants, I would like to comment first of all that when we say the House or Parliament controls the public purse, we are talking about a general principle that has been modified by the Financial Administration Act.

When a constitutional principle is changed by an Act of Parliament, the Act of Parliament prevails and the constitutional principle disappears. It is a lot of nonsense to use the initial principle, as Senator Frith and Senator Everett have done, to defend the rights of Parliament.

Parliament has told the government: You may proceed as indicated in the Financial Administration Act. It is your right.

This morning, our legal counsel said in committee that if we look at section 30 of the Financial Administration Act, we see that by passing this legislation, Parliament (Parliament means you, us, the House and the Senate) said:

> 30.-(1) Where a payment is urgently required for the public good when Parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, on the report of the President of the Treasury Board that there is no appropriation for the payment and the report of the appropriate Minister that the payment is urgently required for the public good, may, by order, direct the preparation of a special warrant to be signed by the Governor General authorizing the payment to be made out of the Consolidated Revenue Fund.

What I am trying to say is that Parliament has given the ministers the authority to establish this urgent requirement on the basis of the fact that there is no appropriation.

We have given that authority to the ministers. It was delegated to them. And that is that. That is what our legal counsel said before the committee. We cannot say the warrants are illegal, because one minister decides whether they are urgently required and the other that the requirement exists because there is no appropriation. That's all.

As far as this amendment is concerned, it was interesting to hear the comments made by Senator Stewart (Antigonish-Guysborough). He is a constitutional expert. If he can find anything to criticize, I have no objection. As Senator Roblin said, we may want the Financial Administration Act to be something else, but if that is the case, then we should propose amendments to the legislation.

Having raised one point, however, Senator Stewart was like the sorcerer's apprentice. Once the point was raised, he could no longer control it. This has led the Liberal Senate to revert

to its posturing at the beginning of the Thirty-third Parliament. You will recall it had decided to obstruct the proceedings, to become partisan and to use its majority to play petty politics here in this chamber. And I think that is the whole point of this exercise. There may be some members of the Liberal majority who sincerely believe there is a serious basis for the argument put forward by Senator Stewart and Senator Frith. I have no objection to that. But considering the legislation and the legal opinion we receive from our legal counsel, the only point that could be raised is whether the Financial Administration Act is or is not a good piece of legislation. But that is another matter.

A moment ago I said "if Parliament is not in session", so let us remember that for the purposes of this section, section 30(5) reads as follows:

> Parliament shall be deemed to be not in session when it is under adjournment *sine die* or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant.

Unlike Senator Everett, this text does not establish a difference between dissolution, prorogation, or simple adjournment. It is the same thing. The text does not establish the difference in such situations. Parliament is deemed not to be in session in all these cases.

You are probably right when you say that it would be preferable to recall Parliament to vote supply. But whose responsibility is it? It is the responsibility of elected members. They alone can properly criticize that approach. They alone can censure the government for not doing that if, in their opinion, it would amount to abuse of rights conferred pursuant to the Financial Administration Act. It is not an abuse of the text. Perhaps it is the way you look at it. It is not an abuse of the legislation, but it might properly be a case of censuring the House of Commons by saying that we blame you, the government, for not recalling Parliament to ask us to vote supply. Very well. Or else you might say—and in the past you used to report the bill with comments—we do not appreciate the procedure you followed. But what would be much more practical and much more realistic would be for Senator Everett, for example, to introduce amendments to the Financial Administration Act. He might say, for instance, that the Governor General cannot sign a warrant when Parliament is simply adjourned. You might amend the act to that extent. It does not say that now. If you are not satisfied with the act, amend it, but do not make a mountain out of a molehill.

● (1500)

[*English*]

Senator Everett: That is what we are saying to the government. We are saying: "By all means change the usage."

Senator Flynn: Well, if that is what you want to say, then say it clearly, but don't say it the way you do here.

Senator Everett: The question is whether it is effective. As long as it is effective in bringing about a change, then we have accomplished something.

[Senator Flynn.]

Senator Flynn: I can tell senators how it will be effective. The honourable senator knows very well that the way to correct the situation is through a vote of non-confidence in the House of Commons to provoke an election, or it is for the electorate to defeat the government. That is the way to do it. When the government is operating within the terms of the law, those are the remedies.

[*Translation*]

Let us not imagine such absolutely fantastic situations as our venerable friend Senator Forsey described to us when he testified before the National Finance Committee. He even went so far as to suggest that the Senate should reject this bill.

We see clearly that Senator Frith did not want to follow this advice and I understand why. Imagine the situation in which we would find ourselves!

As Senator Roblin said, this amendment is redundant in itself because clause 3 of the bill says that the warrants are hereby confirmed. Clause 3 is even superfluous, according to Treasury Board.

Furthermore, it is illegal and irregular, as the Senate legal adviser explained to us. We would be taking a stand against a clear statement in the Financial Administration Act.

To answer Senator Everett's argument, I say that this amendment is offensive. It is an insult, first of all, to the government and to the minister who has asked us to authorize the warrants. The minister has the responsibility of deciding whether the conditions specified in the act are met. We are going against his decision.

As I was saying, normally a motion of censure is used to criticize the government.

It is also offensive to the House of Commons because the House has ratified these warrants. It took ten minutes to pass this bill. This matter was not raised. Neither was the question raised, Senator Everett and honourable senators, by the leaders of the two opposition parties while Parliament was adjourned. Neither of them criticized the government for not recalling Parliament to vote the supply motions.

You insult the House of Commons and you also insult your own Liberal friends in the House of Commons who accepted these warrants and were satisfied not to have been recalled.

They were satisfied with not having been recalled, I repeat. You cannot deny that.

If we conducted a little investigation, perhaps we would find even more explicit complicity than the implicit complicity to which I refer.

I also say that it is an affront to the Governor General, no doubt about it. I shall not stress this point.

Hon. Senators: No!

● (1510)

[*English*]

Senator Frith: And perhaps the Queen or Mr. Gorbachev or President Bush. Why stop? Perhaps Senator Phillips or Senator Walker.

[*Translation*]

Senator Flynn: It's also an insult to the Senate's intelligence. You are insulting yourself!

I will repeat it in any case. It is the exclusive responsibility of the House of Commons to adopt a motion of censure of the government. The amendment you are proposing implies a motion of censure of the government and it is not the Senate's responsibility.

[*English*]

Senator Everett: It is as if they do not follow the proper process.

Senator Stanbury: Who else is going to do it?

Senator Flynn: If they have accepted the ratification in the other place, and they have as evidenced by clause 3 of Bill C-14, it is their responsibility. It is not the responsibility of the non-elected chamber to lecture—

Senator Stanbury: Then let's adjourn.

Senator Flynn: Wait a minute! It is not your responsibility to lecture the elected House in matters of supply.

Senator Everett: But we are not lecturing them.

Senator Flynn: Yes, you are!

Senator Everett: We are, in effect, saying: "Follow the proper process."

Senator Flynn: That is your view, but you have not been able to prove it. You have invoked principles that have been set aside by the Financial Administration Act. You have not been able to deny the fact that the legislation gives the minister and the Governor General complete discretion in this matter.

Senator Everett: And you have not been able to deny the fact that this is a misuse of Governor General's special warrants.

Senator Flynn: You do not know that. You may have your opinion, but, if it is Parliament that has given that authority to the minister and the Governor General, blame yourself; blame the law. Change the law. But don't send to the House of Commons the kind of stupid amendment we see in the report of the committee.

Senator Frith: Honourable senators, in reply—

Senator Roblin: I am not entirely sure my honourable friend has a right of reply. The motion was introduced by the chairman of the committee.

Senator Frith: I was the first to speak on the motion, at your invitation.

Senator Roblin: I know that, but the motion was made by the chairman of the committee.

Senator Frith: I am sorry I accepted your polite invitation. If I had known you were going to be this rude—

Senator Roblin: I am not inviting you to speak twice.

Senator Frith: Surely the first person who speaks on invitation in support of the motion has the right of reply. I will not be long. I will ask for a ruling.

Senator Phillips: The invitation did not specify you.

Senator Roblin: The general understanding is that the mover of the motion is the one who has the right to speak twice. My friend did not move it. It was moved by the chairman of the committee. My friend has exhausted his right. If he wants to speak again, then I think I want to speak again.

Senator Frith: I have asked the Speaker for a ruling. If he rules that I am not entitled to speak in reply, then of course that is the end of it.

The Hon. the Speaker *pro tempore:* Honourable senators, the motion was moved by Senator Leblanc.

Senator Frith: He did not speak.

The Hon. the Speaker *pro tempore:* He is deemed to have spoken in the process of proposing the motion. In proposing the motion he is then entitled to speak, and any speakers, to my knowledge, who speak subsequently exhaust their right to speak. However, with leave, the house can do whatever it wishes.

Senator Frith: I was going to answer only Senator Flynn, but there was really nothing to answer anyway.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I should like to speak very briefly on the matter before us. I am sure honourable senators will not be surprised if I tell them, as I think it is my responsibility to do, that the amendment proposed by the majority of the committee is not acceptable to the government. This is an impossible amendment for the government or, indeed, for the House of Commons to accept. I expect that the bill will be sent back to us by the House of Commons.

This amendment would have the government and the House of Commons state that what had been done in this process was illegal. Believing as we do, convinced as we are, advised as we are that our actions have been legal and constitutional, it would be absurd for the government or, indeed, for the House of Commons to accept the amendment that has been proposed.

The law officers of the Crown have no doubt as to the legality and the constitutionality of our action. The Law Clerk of the Senate has advised the committee this morning on that very point.

Senator Frith: Oh, no!

Senator Murray: The Deputy Leader of the Opposition contests what I have said. I wish therefore, if I may, to place on the record now the statements that Mr. du Plessis made to the committee this morning, as contained in the unrevised transcript of the committee hearing. Mr. du Plessis says:

> As counsel to the Senate, I have a problem with the amendment. I find it improper to imply in an amendment that actions authorized by Parliament under a provision of law would be illegal. So I have a problem with the wording. The committee has gone over the three tests in section 30 of the Financial Administration Act that were discussed yesterday. No one has any problem with the

first test, which is that Parliament was not in session. This is certainly a matter of public knowledge.

The next two tests, however, are subjective in nature. Someone has to decide if the payment is urgently required and someone has to decide if there is no appropriation. Parliament has decided through section 30 that these decisions are to be taken by two ministers and that once taken the decisions become determinative of the matter. These decisions, of course, are evidenced by the report that each minister makes to the Governor in Council. In other words, once the reports are made, the law, according to its own terms, has been complied with.

"The law," says Mr. du Plessis, "according to its own terms, has been complied with."

The ministers who make these reports are answerable, perhaps, politically but certainly not legally. I think that the motion as proposed implies that what the ministers did was illegal. As your counsel, I felt that I should make this point.

Senator Frith: We preferred Dr. Forsey, as you know.

Senator Murray: I appreciate the point that my friend has made.

Senator Frith: And the point is a constitutional point.

• (1520)

Senator Murray: I did not attend the committee, but I heard some parts of the proceedings through the facilities we all have in our offices for eavesdropping on the proceedings of committees. At one point Dr. Forsey constructed an hypothesis in which Her Excellency the Governor General would tell the Prime Minister or the government that she could not approve of the use of warrants.

I do not wish to draw Her Excellency, or the Crown, into this matter, but certainly, if the Governor General thought that the actions proposed were unconstitutional or illegal, it would be a proper exercise of her prerogative and responsibility not to accept them.

In any case, the amendment is an impossible precedent for the government to accept and we would not accept it. As the opinion of your Law Clerk suggests—

Senator Frith: Our Law Clerk? He is not our Law Clerk.

Senator Murray: He is the Law Clerk of the Senate.

Senator Frith: That is better.

Senator Murray: The opinion of the Law Clerk of the Senate is that the test of urgency is if the payment is required. There is ample precedent for that. Contrary to what Senator Everett said today, I thought Senator Roblin yesterday placed on the record ample precedent from previous years—

Senator Frith: During dissolution!

Senator Murray: —to document that statement. The test of urgency is that the payment is required. It then becomes a judgment call, a political decision on the part of the ministers concerned. Parliament, as Senator Flynn has pointed out, has a recourse. So do the voters, if they disagree with our judgment. It is a political recourse that they have. Our judgment is bad in the view of honourable senators opposite. That does not make it illegal, as the Law Clerk has indicated in the advice that he has given to the committee.

There was, as Senator Flynn indicated, another recourse that the committee might have taken to prevent what honourable senators fear is a potential for serious abuse in the future, namely, to institute a process leading to the amendment of the Financial Administration Act to close any gaps that honourable senators believe are there; fix the Financial Administration Act, if they think it needs fixing.

The last time the act was amended in this respect was in 1958. Nothing would be more normal, therefore, than that Parliament and the government take this legislation under advisement. The Standing Senate Committee on National Finance might have reported the bill, might have attached comments, might have recommended possible future amendments to the Financial Administration Act or might, indeed, take that matter under study now as part of its responsibilities. Instead, we have this impossible amendment that is before us.

So, honourable senators, we are opposed to the amendment. It is unacceptable to the government. I have little doubt but that the House of Commons will reject the amendment and send Bill C-14 back to us.

Honourable senators are aware that we find ourselves—the government and Parliament—up against some pretty tight deadlines. The Governor General's warrants expire on Monday next, May 15, 1989. Various departments and agencies have already exhausted the funds at their disposal. There are requirements for payments by the government coming up and the government—Parliament—will be in a difficult position after Monday of next week. Therefore, it is urgent that this supply matter be resolved as quickly as possible.

While we on this side oppose the amendment, and while the government states that it is unacceptable to us, I do not want to do anything to impede the passage of the matter back to the House of Commons so that the government and the House of Commons may deal with it expeditiously. Therefore, if a standing vote were to be taken on the matter, we would abstain in order to expedite the return of the legislation to the House of Commons so that the government and the House can deal with the matter.

Hon. John B. Stewart: Honourable senators, I will say just a few words, because I know that most senators feel that this straw has been thrashed more than adequately.

The question relates to how we should interpret subsection 30(5). The accuracy of the interpretation relied upon by the Treasury Board has been questioned. There are those who say that in their opinion that interpretation is sound. The Leader of the Government tells us that the law officers of the Crown say that that interpretation is sound. There are opinions—

Senator Simard: The officers of the Senate.

Senator Stewart: I have a long speech, Senator Simard; I am trying to be brief.

Senator Phillips: You have achieved your objective!

Senator Roblin: Use the abridged version!

Senator Stewart: Thank you, Senator Roblin. Senator Simard should heed your injunction.

There are those who take another view. We are told that the law officers of the Crown view the interpretation of the Treasury Board as accurate. Who is to say? We hear conflicting opinions. Only a court could decide that, perhaps by a split decision. We did not hear the law officers of the Crown themselves, we heard Senator Murray—

Senator Murray: No, but come now!

Senator Stewart: —make a statement about their views. I am not disputing what he says about their views.

Senator Murray: I hope not!

Senator Stewart: In 1896 there was an opinion of the principal law officer of the Crown, Oliver Mowat, then the new Minister of Justice, but we will not go into that.

The interpretation put forward by the Treasury Board of subsection 5 of section 30 is ridiculous in terms of its constitutional implications.

Senator Simard: He told you.

Senator Asselin: Change it then!

Senator Stewart: No. I am not talking about the subsection, I am talking about the interpretation. I said that that interpretation is ridiculous—

Senator Flynn: It is right there. Your problem is the interpretation!

Senator Stewart: —in terms of its constitutional implications.

Senator Flynn: The text is clear. It does not mean interpretation.

An Hon. Senator: Is he a lawyer?

Senator Simard: Go on, Senator Stewart.

Senator Stewart: I want all these interventions to be fully appreciated.

Senator Corbin: Arm yourself with patience!

Senator Stewart: In view of the fact that the constitutional implications of that interpretation simply are not tenable, one must look at the precedents for guidance. We asked officials from the Treasury Board to adduce one single relevant precedent. Not one single relevant precedent was adduced. That is why some of us feel that the opinion heard with regard to the interpretation of that subsection is highly questionable.

As Senator Murray has said, this bill has the effect of making available to the government some $33 billion.

Senator Flynn: That is irrelevant.

Senator Stewart: They are not asking for three months' interim supply nor are they asking for six months' interim supply. The House of Commons passed an order saying that it would deal conclusively with the balance of the request on October 5, 1989. But is the interim supply requested sufficient to carry the government through to that date? No, no. It is nine-twelfths, and I can well understand why the government would like to have us vote $33 billion in three days. I can understand that, but that is not the point we are addressing here.

• (1530)

Senator Flynn: Indeed, that is not the point.

Senator Asselin: Then make your point!

Senator Stewart: We are addressing the question of the use of the interpretation—

Senator Flynn: Come to the point!

Senator Stewart: Let us appreciate all this wisdom.

Senator Flynn: You say that that is not the point; then come to the point.

Senator Stewart: Very well, I will come to the point. The point, honourable senators, is the question of the proper interpretation of subsection 5 of section 30. There is a difference of opinion, and what is proposed by the amendment is that that difference of opinion should be put behind us by an act of Parliament which will declare that the payments made were, indeed, legal. Regardless of what some have said on one side or on the other, Parliament itself will have said that the general warrants are to be deemed to be legal.

I cannot understand how anyone could say that this amendment states that the warrants clearly were illegal. It is simply saying that they were made on the basis of an opinion which is questionable. That is what we are talking about. It is that simple. It seems to me that if I were a member of the government—

Senator Walker: Heaven forbid!

Senator Stewart: —I would not try to make a mountain out of this. There is no great insult to the government. It is a small point, except that a very bad precedent must be avoided. I say to the government, accept the amendment, get your bill enacted. Let us be through with this. It is as simple as that. It is beyond me to understand why anyone—

Senator Flynn: A lot is beyond you!

Senator Stewart: —should start talking about a constitutional crisis.

Some Hon. Senators: Question!

Senator Phillips: Honourable senators, may I direct a question to the Honourable Senator Stewart? This morning, in a committee room on the third floor, the Standing Committee on Internal Economy, Budgets and Administration held a meeting. On the agenda for that meeting were the requests of three committees of the Senate for funds to the extent of some $333,000. The largest request was from the Standing Senate Committee on Foreign Affairs, asking for approximately $175,000. I believe Senator Stewart is familiar with that, since he is the chairman of that committee. There was also a request

from the Standing Senate Committee on National Finance, the very committee that is objecting to this bill, asking for $115,000—

Senator Frith: What is this all about?

Senator Perrault: This is not a question; it is a speech!

Senator Phillips: Senator Everett speaks about the urgency of the Governor General's special warrants and yet that very committee of which he is a member is asking for funds to carry it through until March 31, 1990. Where was the urgency?

Senator Perrault: They must be really embarrassed about what they did if they are talking in this fashion.

Senator Phillips: I ask the honourable senator if there is one special rule for Liberal senators and one for the general public. What special consideration does he feel the Liberal senators merit? If the bill is unconstitutional, illegal and not urgent, why are these three committees, chaired by Liberal senators, asking for these funds?

Senator Hastings: They were the best men!

Senator Frith: A clever and cunning chap, that Phillips!

Senator Stewart: Honourable senators, I think this point need not delay us long. I am sure that all the members of those committees, on both sides of the house, are quite ready to do their duty and await the enactment of the legislation necessary to provide the money for the operation of this house. That is not the point here. The $33 billion is not reduced in any way by the proposed amendment.

An Hon. Senator: Question!

Senator Phillips: Honourable senators, I am surprised that Senator Stewart persists in his attitude that he is entitled to be first at the trough, especially in view of the fact that the committee referred to the fact that these are Governor General's special warrants.

Some Hon. Senators: Oh, oh!

Senator Frith: Orville, don't test our generosity of spirit.

The Hon. the Speaker *pro tempore:* Senator Barootes?

Senator Frith: The fairy tale man!

Senator Perrault: Hans Christian Andersen.

Hon. Efstathios William Barootes: Thank you, honourable senators.

Senator Perrault: The tooth fairy.

Senator Frith: No, Senator Phillips is the tooth fairy.

Senator Barootes: I am sorry, but when you are all yelling at once it is difficult for me to hear what you are braying.

Senator Perrault: Keep it nonpolitical.

Senator Barootes: Honourable senators, I listened very carefully—

Senator McElman: Speaking of braying, please proceed.

[Senator Phillips.]

Senator Barootes: —to the presentation yesterday of Dr. Forsey, which supported the position taken by the Honourable Senator Stewart. Over the years I have developed an intense admiration for Dr. Forsey, as have many people in this house—

Senator Hastings: Including the Prime Minister.

Senator Barootes: —as a constitutional expert—

Senator McElman: However—?

Senator Barootes: —and I am sure that all of us are interested in his constitutional opinion. But as he himself said yesterday repeatedly—

Senator Frith: But, but!

Senator Barootes: —especially upon the urging of members of the opposite side of the house—he repeatedly said: "I am not a legal expert and I do not wish to give a purely legal opinion. I have some experience in constitutional matters." Honourable senators, indeed he has some experience—

Senator Frith: Yes, that is what we are relying on exactly.

Senator Barootes: —on constitutional conventions and precedents, and he can quote them at some length, particularly if they are in the far distant past. However, the matter with which we are dealing today is not a constitutional matter.

Senator Frith: Oh yes, it is!

Senator Barootes: As I read the amendment, it is based on the implication that what was done by the government and by the House of Commons was illegal. No one, either yesterday or today, was willing to stand up and say that what is in that bill is illegal. They are all saying that it is a breach of convention, a breach of constitution and, in fact—

Senator Hastings: You missed the entire conversation about it yesterday!

Senator Barootes: —in the spinning of the Grimm's fairy tale over there on the other side of the house—and you can interpret the word "Grimm" as either a noun or an adjective. However, in the spinning of that tale, we are told that all hell is going to break loose. More than that, my friends on the opposite side of this house—

Senator Perrault: You are holding your notes upside down!

Senator Barootes: —take upon themselves the mantle of the protectors, if you will, of parliamentary rights and the protectors of the people of Canada.

Senator Perrault: Your notes are the wrong way up!

Senator Barootes: Let me tell you that I interpret it differently.

An Hon. Senator: You are getting a little hoarse!

Senator Barootes: Thank goodness I am not getting a little "jackass." As a matter of fact, I interpret this in a different way.

Senator Perrault: I think we should ask for a second opinion.

Senator Barootes: Methinks my friends protest too much. However, I am going to take the position of Shakespeare, when he said, through his great anti-hero Hamlet—

Senator Frith: Hamlet? Don't bring in Danish precedents, please!

Senator Barootes: Perhaps you will recall it; you played the part!

Senator Frith: That goes back pretty far.

Senator Barootes: Pardon me, it was Macbeth:

In the great hand of God I stand, and thence
Against the undivulged pretense I fight

Of legislative [*sic*] malice.

Senator Perrault: You know, they say fairy tales can come true!

Some Hon. Senators: Question!

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by Honourable Senator Leblanc, seconded by the Honourable Senator Robichaud, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Senator Flynn: On division.

Motion agreed to and report adopted, on division.

● (1540)

THIRD READING

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill, as amended, be read the third time?

Hon. Jean-Maurice Simard: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill, as amended, be read the third time now.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: On division!

Motion agreed to and bill, as amended, read third time and passed, on division.

ADJOURNMENT

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 45(1)(*g*), moved:

That when the Senate adjourns today, it do stand adjourned until Monday next, 15th May, 1989 at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

DELAYED ANSWER TO ORAL QUESTION

CANADIAN CENTRE FOR MANAGEMENT DEVELOPMENT

AUTHORITY FOR ESTABLISHMENT

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised on May 4, 1989, by the Honourable Senator Bosa regarding the Canadian Centre for Management Development—Authority for Establishment.

(*The answer follows:*)

Pending passage of the legislation for the Canadian Centre for Management Development, the centre has been able to operate under the authority of an Order in Council (P.C. 1988-1669) passed in August 1988, which designated the centre as a department for purposes of the Financial Administration Act and the Public Service Employment Act.

Additionally, Treasury Board Authority accorded last June provides the necessary base for the management and operation of the centre.

ANSWER TO ORDER PAPER QUESTION EMPLOYMENT AND IMMIGRATION

ENTRY CRITERIA FOR FOREIGN HOCKEY PLAYERS

Question No. 8 on the Order Paper—**By Hon. Jack Marshall:**

6th April, 1989—1. What are the criteria by which hockey players from foreign countries can enter Canada in relation to those rules for entry by other classes of immigrants?

2. Are hockey players "exempt" from restrictions placed on immigrants to Canada?

3. Do hockey players have to comply with rules of entry and, if so, what are they?

Reply by the Minister of Employment and Immigration:

1. Most hockey players applying for permanent residence in Canada are from Eastern Europe and may be assessed against the criteria for immigrants in a Designated Class. Different criteria apply to immigrants depending on whether they apply in the Family Class, Independent, Refugee or Designated Class categories.

2. Hockey players must meet the same criteria as all other immigrants in the particular immigration category under which they are assessed.

3. Hockey players who are under contract to play for a Canadian team can be assessed as self-supporting Designated Class applicants. They must also meet medical and background requirements.

The Senate adjourned until Monday, May 15, 1989, at 2 p.m.

THE SENATE

Monday, May 15, 1989

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

Prayers

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if I may bring you up to date on the supply bill, which is now being dealt with in the other place, I am informed that it is the intention of the House of Commons to try to have a vote on it towards the end of the day, at approximately five-thirty or six o'clock. With that in mind and being conscious of the fact that our colleagues here are aware of the urgency for the passage of that bill, with the agreement of honourable senators, it might be appropriate to meet at six o'clock this evening to expedite its passage and to allow the government to fulfil its commitments on the payment of bills, salaries, wages, allowances and so on, with Royal Assent to follow.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, it may be true that some senators feel that there is clear evidence for the urgent passage of this bill, but I, for one, am not aware of it.

Senator Murray: He does not care about the veterans, the RCMP—

Senator Frith: I read the statement made by the minister in the House and noticed that he was very careful in what he said. He was very careful not to indicate that people were not going to get paid—"may" was the word he used, and we can be sure that he would have used a stronger word if he could have.

The authority to spend money does not expire today. The warrants expire, but the government took some $6 billion out on the basis of the warrants. If they are out of money, they are out of money because they spent that, not because it is May 15. I see no reason why the Senate should act as if they believe this smoke screen being put up on the issue, by accepting to reconvene at six o'clock and thereby implying that we think there is urgency when, in fact, we know that there is not. Therefore, I will not give leave for us to come back at six o'clock.

Senator Murray: We hope you will not live to regret those words.

Senator Frith: No, you do not, and I will not.

WAR VETERANS ALLOWANCE ACT

BILL TO AMEND (EQUALITY OF MALE AND FEMALE PERSONS)—FIRST READING

Hon. Jack Marshall presented Bill S-3, to amend the War Veterans Allowance Act (Equality of Male and Female Persons).

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Marshall, bill placed on the Orders of the Day for second reading on Thursday next, May 18, 1989.

WAR VETERANS ALLOWANCE ACT

BILL TO AMEND (RESIDENCE IN CANADA)—FIRST READING

Hon. Jack Marshall presented Bill S-4, to amend the War Veterans Allowance Act (Residence in Canada).

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill read the second time?

On motion of Senator Marshall, bill placed on the Orders of the Day for second reading on Thursday next, May 18, 1989.

QUESTION PERIOD

DELAYED ANSWERS TO ORAL QUESTIONS
AVIATION SAFETY

PEARSON INTERNATIONAL AIRPORT, TORONTO—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on April 5 last by the Honourable Jerahmiel S. Grafstein regarding Aviation Safety—Pearson International Airport, Toronto—Government Action.

(*The answer follows:*)

> The Department of Transport took swift action to correct the safety deficiencies identified by the Canadian Aviation Safety Board in a letter to the Minister of Transport on March 29, 1989.
>
> The Canadian Aviation Safety Board cited three similar loss of separation incidents which occurred north-east of Toronto Lester B. Pearson International Airport (LBPIA). The first incident occurred on December 20,

1988 and the remaining two incidents both occurred on January 10, 1989. In each of the incidents, aircraft were being vectored for an approach to LBPIA.

The Canadian Aviation Safety Board identified deficiencies in the airspace structure north-east of Toronto and in the air traffic control procedures that were employed for aircraft conducting approaches to the parallel runways at LBPIA. The procedures in place prior to the incidents were flexible and permitted controllers to provide either 1,000 feet vertical separation or three miles radar separation between aircraft conducting approaches. In two of the three incidents, the controller planned on, but did not maintain, three miles radar separation between aircraft conducting approaches to the parallel runways.

On April 7, 1989, rigid procedures were implemented at LBPIA. The new procedures remove the flexibility and ensure that the controller provides vertical separation of 1,000 feet between aircraft conducting parallel approaches. In addition, responsibility for the airspace north-east of Toronto has been redefined and coordination processes established. The implementation of these procedures has addressed the safety deficiencies identified by the CASB.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—CONSEQUENCES FOR MEDICAL EMERGENCY AIR EVACUATIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on May 4 last by the Honourable M. Lorne Bonnell regarding National Defence—Closure of CFB Summerside, P.E.I.—Consequences for Medical Emergency Air Evacuations

(*The answer follows:*)

The Search and Rescue Squadron (SAR) based at CFB Summerside has been providing air evacuations for medical emergencies, when called upon, for the Province of Prince Edward Island. Medical services, including emergency air evacuation, remain the responsibility of the province, and will be the subject of future federal-provincial discussions. Until such time as alternate arrangements have been made, the SAR-based operation on Prince Edward Island will continue to provide this service.

THE ENVIRONMENT

PRINCE EDWARD ISLAND—MONITORING OF POLLUTION FROM SUNKEN VESSEL, *IRVING WHALE*—GOVERNMENT ACTION

Hon. C. William Doody: Honourable senators, I have a delayed answer to a question raised in the Senate on May 4 last by the Honourable M. Lorne Bonnell regarding The Environment—Prince Edward Island—Monitoring of Pollution from Sunken Vessel, *Irving Whale*—Government Action.

(*The answer follows:*)

The barge sank on September 7, 1970 in 70 meters of water approximately 50 km northeast of North Point, Prince Edward Island, as a result of water drainage through an open hatch in the stern section.

At the time the barge was carrying approximately 4,200 tons of No. 6 fuel oil (bunker C).

A decision was made at the time not to attempt a salvage operation and risk a major pollution incident. All vents and hatches were sealed. Bunker oil, when cooled, becomes very thick and any discharge would be at a very slow rate. The small amount of oil being discharged floats to the surface and produces a thin sheen which dissipates within one or two kilometers of the wreck site.

Since the barge sank, surface inspections have been carried out by Canadian Coast Guard (CCG) ships at least twice a year and by aircraft, on occasion, from Canadian Forces Base (CFB) Summerside. In addition CCG and Environment Canada have arranged for seven underwater inspections using manned and unmanned submersibles.

A survey in 1977 determined that approximately 60 per cent of the original cargo remained on board.

The most recent submersible inspection carried out in 1985 confirmed that the barge remains intact and is leaking at a very slow rate. There was little if any observable impact on the environment.

FISHERIES

USE OF DRIFT NETS BY FOREIGN VESSELS—DAMAGE TO CANADIAN FISH STOCKS—REQUEST FOR REPORT

Hon. C. William Doody: Honourable senators, I have a delayed answer to a question raised in the Senate on May 10 last by the Honourable Raymond J. Perrault regarding Fisheries—Use of Drift Nets by Foreign Vessels—Request for Report.

(*The answer follows:*)

Canada has not agreed to any expansion of the Japanese squid driftnet fishery. The Japanese squid driftnet fishery occurs on the high seas outside Canada's 200-mile limit. There are no international laws or rules controlling this fishery. Japan alone controls the activities of its fishermen on the high seas.

Canada and the USA have been trying to persuade Japan to limit Japan's use of driftnets in the interests of international conservation.

Now, in 1989, for the first time, thanks to Canadian and American pressure, Japan has agreed to an international observer program which will provide scientific information on the squid driftnet fishery. This is a breakthrough and it will provide information on the impact of driftnets on North American salmon stocks and other marine life.

Solid scientific information will provide the basis for future international action to control driftnets.

Apart from Japan, the Republic of Korea and Taiwan are the other Asian nations engaged in driftnet fishing operations in the North Pacific. On May 15-16, a Canadian delegation will be in Seoul for bilateral fisheries consultations with the South Koreans. The driftnet issue is a major item on the agenda.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, May 16, 1989

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

Prayers.

DISTINGUISHED VISITORS IN GALLERY

DELEGATION FROM BARBADOS

The Hon. the Speaker: Honourable senators, I wish to call your attention to the presence in the gallery of the Honourable Lawson A. Weekes, Speaker of the House of Assembly of Barbados and President of the Commonwealth Parliamentary Association; the Honourable Dr. David Tonkin, Secretary-General of the Commonwealth Parliamentary Association; and His Excellency Peter G. Morgan, High Commissioner for Barbados in Canada.

Hon. Senators: Hear, hear!

APPROPRIATION BILL NO. 1, 1989-90

COMMONS DISAGREEMENT WITH SENATE AMENDMENT

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that a message has been received from the House of Commons which reads as follows:

HOUSE OF COMMONS
CANADA

Monday, May 15, 1989

ORDERED,—That a message be sent to the Senate to acquaint Their Honours that this House disagrees with the amendment made by the Senate to Bill C-14, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990, because this House believes that the special warrants signed by the Governor General on January 19, February 16, March 23 and April 1, 1989 are already legal.

Attest

MARY ANNE GRIFFITH
for *The Clerk of the House of Commons*

MOTION FOR NON-INSISTENCE UPON SENATE AMENDMENT

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

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move:

That the Senate do not insist on its amendment to the Bill C-14, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990, to which the House of Commons has disagreed.

Hon. John B. Stewart: Honourable senators, the message which has come to us from the House of Commons says that that House believes that the warrants to which we referred in our message to them are already legal.

Honourable senators, the message from the House of Commons misses badly the point of our amendment to Bill C-14. Our amendment did not assert that the special warrants were illegal. We indicated—and there was clear evidence as to the truth of this—that there is a real disagreement about the interpretation of the statute on which the government relied when it used those special warrants. Therefore, the message that has come back to us, the message moved by Mr. de Cotret in the other place, misses completely the point of what the Senate did last week.

Speaking in the other place, Mr. de Cotret said that subsection 30(5) of the Financial Administration Act was added, in 1951, explicitly to enable the government to obtain Governor General's special warrants as required when Parliament is under adjournment.

He told the House of Commons that Parliament, in 1951, intended to authorize the use of special warrants for the ordinary current expenses of the government—the kinds of expenses that were dealt with by special warrants in 1989—when Parliament is not in session, which includes a long adjournment. We hear that that is the considered opinion of the law officers of the Crown.

On Thursday, May 11, at page 199 of *Debates of the Senate*, Senator Murray told the Senate:

The law officers of the Crown have no doubt as to the legality and the constitutionality of our action.

Senator Murray obviously hopes that the Senate will be guided by his statement regarding the views of the law officers of the Crown. To whom does he refer as "the law officers of the Crown"? Does he mean the Minister of Justice? Does he mean the Solicitor General?

In 1896 the law officer of the Crown who advised the new government of that day was the new Liberal Minister of Justice, Oliver Mowat. Is it the Minister of Justice or is it the Solicitor General who is referred to as the principal law officer of the Crown? If not, to whom is Senator Murray referring in his argument from authority? When he has identified those on

whose judgment he asks us to rely, will he tell us precisely what question or questions the aforesaid law officers of the Crown were asked to answer? Who probed them with regard to their opinion? That is a matter that we ought to explore, since so much depends on the interpretation of subsection 30(5) of the Financial Administration Act.

Mr. de Cotret, understandably, made reference to the words uttered by the Law Clerk of the Senate on May 11, 1989. Mr. du Plessis, speaking to the National Finance Committee, said, on page 4:21:

> The committee has gone over the three tests in section 30 of the Financial Administration Act that were discussed yesterday. No one has any problem with the first test, which is that Parliament was not in session. This is certainly a matter of public knowledge.
>
> The next two tests, however, are subjective in nature. Someone has to decide if the payment is urgently required and someone has to decide if there is no appropriation. Parliament has decided through section 30 that these decisions are to be taken by two ministers and that, once taken, the decisions become determinative of the matter. These decisions, of course, are evidenced by the report each minister makes to the Governor in Council. In other words, once the reports are made, the law, according to its own terms, has been complied with.

Senator Balfour: Do you disagree?

Senator Stewart: Yes, I disagree, and I will explain why. Let us take an example. Let us take the case of the famous surveyed shrubs. I have no doubt that the Minister of Public Works reported that the survey was urgently required for the public good. Then the president of the Treasury Board reported that there was no appropriation made by Parliament from which the payment for the survey could be made. Of course, Parliament was not in session. But the truth of the matter is that the process does not end with those three steps. Those steps are not determinative. Look at what the act says in subsection (1). It states:

> Where a payment is urgently required for the public good when Parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, on the report of the President of the Treasury Board—

and so on.

There is a fourth and vital, indeed essential, step, and that is the decision by the Governor in Council to make an order that a warrant be prepared. That decision cannot be made by the Governor in Council unless the requirement of the statute is fulfilled, namely, that the payment is urgently required for the public good. That is not a decision which, in the case of the famous shrub survey, was made by the Minister of Public Works.

There are more than three steps in this process. Those three steps are merely preliminary; they are prerequisite steps to the substantial decision which has to be made by the government itself.

[Senator Stewart.]

Senator Barootes: You can cancel *The Thirty-nine Steps* all over again.

An Hon. Senator: There he goes!

Senator Gigantès: Literary erudition is a heavy burden.

Senator Frith: It's the tooth fairy! The tooth fairy strikes again!

Senator Stewart: Honourable senators—

Senator Cools: At least he is quoting a governor general of Canada!

Senator Gigantès: At least he is quoting a governor general, yes.

Senator Stewart: Yes, it is interesting that he should quote that particular title, because the author was involved in the issuing of one of these special warrants back in 1939. Senator Barootes' interjection is more relevant to the history of special warrants than he may realize.

Senator Frith: Or than he usually is!

Senator Flynn: What is the idea?

Senator Stewart: Honourable senators, I wish to go back for a minute to what Mr. de Cotret said in the other place—and I am quoting now from pages 1695 and 1696. He said:

> The first condition which must be satisfied is that Parliament is not in session. There is no dispute that Parliament was not in session.

That is in 1989.

> However, I would like to clarify an important point about how the Financial Administration Act defines not in session. Section 30, paragraph (5) states without any qualifications or conditions that Parliament is deemed to be not in session when it is under adjournment. This section was tabled in 1951 explicitly—

Now listen to this, honourable senators—

> —to enable the Government to obtain special Governor General's warrants that are required when Parliament is under adjournment. The Parliament of the day clearly intended that special Governor General's warrants would be issued under this provision.
>
> It is reasonable to assume that when Parliament amends an Act such as the Financial Administration Act, it expects and accepts that it will be used. As the Speaker stated in the House on May 2 of this year, there is no inference that the words "not in session" were to be restricted to dissolution periods.

That is the view on which the minister relies. In the 38 years since 1951 section 30 subsection (5) never has been used.

Senator Flynn: For what?

Senator Stewart: It was never used until 1989.

Senator Flynn: So what?

Senator Stewart: It was never used by a government to meet the ordinary, current expenses of government outside a dissolution period.

Senator Flynn: So what?

Senator Stewart: That fact is revealing. It is not conclusive, but it makes one ask—

Senator Roblin: It certainly is not conclusive!

Senator Stewart: —questions.

Senator Flynn: Oh, yes; right. You do more than ask questions!

Senator Stewart: And I will go further, Senator Flynn, don't worry!

Some Hon. Senators: Hear, hear!

• (1410)

Senator Flynn: You need some encouragement, I see.

Senator Stewart: When the anonymous law officers of the Crown—

Senator Roblin: He likes that, too!

Senator Stewart: —told the minister—

Hon. Royce Frith (Deputy Leader of the Opposition): Excuse me, honourable senators. Perhaps on a point of order—or perhaps on a point of disorder, which I suppose is the same thing—I am sitting close enough to Senator Flynn that it is difficult for me to hear what Senator Stewart is saying. I know it may be Senator Flynn's intention to prevent that, but there may be other senators like myself—and maybe even some on the other side, absurd though that might sound—who wish to hear what Senator Flynn—or rather Senator Stewart—

Some Hon. Senators: Oh, oh!

Senator Frith: —has to say, and in due course, if you will let me finish, what Senator Flynn has to say when he takes the floor. However, he has not so far taken the floor. Perhaps the best thing to do would be for Senator Stewart to adjourn the debate until we are given the opportunity to hear what he has to say.

Senator Roblin: I think if he were to sit down, that would be the best thing for him to do!

Senator Flynn: Ha, ha, ha!

Senator Frith: That also goes for Senator Roblin! We are all anxious to hear what he has to say when he takes his turn.

Senator Perrault: They are just terrified of the facts!

Senator Stewart: Honourable senators, when the anonymous law officers of the Crown advised the minister—and here I am quoting the Leader of the Government in the Senate:

> The law officers of the Crown have no doubt as to the legality and the constitutionality of our action.

Did they, in fact, read out section 30 as it stood when the amendment on which they relied was made? Also, honourable senators, how did that section read in 1951, when the amendment on which they relied was made? Let me read it:

> 28. (1) Where an accident happens to any public work or building when Parliament is not in session and an expenditure for the repair or renewal thereof is urgently required, or where any other matter arises when Parliament is not in session in respect of which an expenditure not foreseen or provided for by Parliament is urgently required for the public good . . .

Honourable senators, it is very clear that the amendment made in 1951 related to specific emergency requirements not foreseen. It has nothing to do with a situation in which an expenditure was foreseen, as most of the expenditures made in the winter of 1989 were foreseen, as revealed in Supplementary Estimates (B) presented in the House of Commons on December 16, 1988. It has nothing whatsoever to do with payments for ordinary current government expenses.

Honourable senators, there is even more evidence that the law officers of the Crown were not probed very hard by the President of the Treasury Board or by the Leader of the Government in the Senate, or whoever asked them for their opinion, because, when that section was being considered in 1951 in the Committee of Public Accounts of the other place, the section was explained by no less an authority than the Deputy Minister of Finance of those days, Dr. W.C. Clark, a man whose great reputation is still alive in these halls. At that time Dr. Clark said that certain changes were being made to this part of the Financial Administration Act. What was section 28 is now section 30 of the Financial Administration Act. I now quote Dr. Clark:

> One is section 28, which re-enacts the provisions of the old Act relating to the use of Governor General's warrants for urgent and unforeseen expenditures. The language is clearer and there has been added a provision requiring that each such special warrant be published in the *Canada Gazette* within 30 days after it is used and that a statement of all such special warrants and the amounts thereof be laid before the House of Commons within 15 days after the commencement of each session, as well as another provision permitting the issuance of a special warrant—

Notice these words, honourable senators.

> —if an urgent, unforeseen expenditure is required when Parliament is adjourned *sine die* or to a day more than two weeks after the accident happened or the need arose, as well as when Parliament is not in session. This provision is made necessary by the practice which has developed in recent years of long adjournments.

Dr. Clark told the Public Accounts Committee that this change in the act was designed for urgent and unforeseen expenditures. We know very well what the specific circumstances that Dr. Clark, his colleagues in the public service, and the members of the House of Commons had in mind. They had in mind the circumstances of the fall of 1939, when war broke out. Money had to be taken out of the public purse for war purposes. Special warrants could not be used for those unforeseen emergency requirements unless Parliament was not in session. As a result, the government of the day had to have the special session of 1939 prorogued, otherwise the govern-

ment could not have used special warrants for war time emergency requirements. They could not have used special warrants for those emergency payments if Parliament had been adjourned. That is why the change was made in 1951.

Why were the law officers of the Crown not clear as to what was done in 1951? Certainly there were queries in 1951 about the amendment. Mr. Fleming said to the chairman of the committee:

> I have a question on section 26. In section 24 we provide in effect that no payment shall be made out of consolidated revenue fund without the authority of parliament.

That provision is still in there. He went on:

> Suppose the government dissolved parliament without parliament having made provision by way of Appropriation Act for meeting the ordinary current expenses of the government for the six months, or the ensuing period of time before parliament could meet again after the next general election, how far can the Governor in Council go under section 26 in meeting these current expenses on Governor General's warrant?

Mr. H.R. Balls, the special assistant to the Department of Finance, replied:

> Mr. Chairman, section 26 does not deal with special warrants of the Governor General, it is section 28 which covers urgent expenditures not provided for.

Honourable senators, listen to the following words:

> Section 28 does give the authority to the Governor in Council to authorize payments of that nature, to cover not only the urgent outlay for repair—

Honourable senators will remember that the act at that time talked about repairing buildings and wharves and the like.

> —which may require to be made to a public building which had been damaged or destroyed, but also the outlay necessary for the carrying on of the public service in the event that parliament has not made appropriation for that service prior to dissolution.

In other words, the use of Governor General's warrants to pay for the carrying on of public service is for the period after dissolution, and only then. It is true that payments may be made for an emergency, to meet an unforeseen requirement that is urgent, when Parliament is not in session or when there is a long adjournment. No one is disputing that. However, what has happened in 1989 is that the government has confused two quite different situations. It has taken the permission to pay ordinary public service expenses after a dissolution and transferred it to another situation; the situation when Parliament is not in session. In the latter situation payments by warrant may be made only for unforeseen and urgent requirements.

● (1420)

Were the law officers of the Crown asked how their interpretation of subsection (5) of what now is section 30 of the Financial Administration Act—the subsection that was put in in 1951—squares with the explicit words of those who, in 1951, explained to Parliament the meaning of that new subsection? Were they asked?

If that is not enough to plant doubt about their interpretation, let me ask about the change to this section made in 1958, when Senator Walker himself was a member of the government.

Senator Walker: Those were the days!

Senator Macquarrie: The good old days!

Senator Stewart: I refer to the words of Mr. Fleming.

Senator Barootes: Which Fleming?

Senator Stewart: Donald Fleming, obviously. Mr. Bert Herridge (Kootenay West) asked:

> Would the minister mind giving the house an illustration of what type of circumstance would require the application of this clause?

That was the clause permitting a payment to be made for unforeseen expenses when Parliament was not in session.

Mr. Fleming was most helpful in his response, when he said:

> Section 28—

That was its number at that time.

> —has persisted in its present form virtually since confederation. One change that was made when the act was reviewed some five years ago was to provide for publication in the *Canada Gazette* of the governor general's warrants.

He then proceeded to say:

> What is proposed now in the amendment is that we put the situation in which governor general's warrants should be used in these terms,—

We stopped talking about roofs of buildings, wharves, the Fenians and the like and we put the purpose in general terms, as follows:

> —"where a payment is urgently required for the public good when parliament is not in session" and no other appropriation is available. In other words, that is the proper ground . . .
>
> My hon. friend—

Obviously, he is referring to Mr. Herridge.

> —asks about the circumstances under which resort might be had to the issuance of a special warrant.

Clearly, he is not talking about post-dissolution situations. Mr. Fleming said:

> I think I can best answer his question by referring to the situation in which the governor in council found himself last August when two warrants were issued. Parliament had made an appropriation in the previous spring, that was exhausted by the beginning of the summer, to provide for the maintenance of Hungarian refugees. We were confronted with a situation in the middle of the summer of 1957 where either we had to recommend to His Excellency the issuance of a special warrant or there just would

not have been any money at all to provide food and shelter for these refugees coming into the country.

That was Mr. Fleming's example of a situation in which it is lawful to use a Governor General's special warrant when Parliament is not in session. There is an emergency requirement. People, conceivably, could starve. It is unforeseen. It is urgent. Mr. Fleming would never have dreamed of saying that Governor General's special warrants could be used for the ordinary, every-day financing of the affairs of the government during a prorogation or a long adjournment.

Some Hon. Senators: Hear, hear!

Senator Stewart: It was unthinkable. It is unthinkable today that Parliament, in 1951, 1967 or at any other time previous to this year, would have tolerated this kind of conduct. It is inconceivable. It is abhorrent to the very principles of parliamentary democracy.

Honourable senators, we have heard a good deal in the last few hours about veterans and the widows and comrades of those who served in World War II.

An Hon. Senator: Scare tactics!

Senator Stewart: I say to honourable senators that the veterans who fought in World War II fought for the preservation of parliamentary democracy.

Some Hon. Senators: Hear, hear!

Senator Stewart: That is what they fought for. They would not applaud us if we sat here idly, perhaps wearing poppies, and let the basic principles of parliamentary democracy be eroded by our own government.

Some Hon. Senators: Hear, hear!

[*Translation*]

Hon. Gérald Beaudoin: Honourable senators, yesterday a majority of members in the House of Commons voted against the amendment to Bill C-14 adopted by the Senate.

The amendment proposed by the Senate is based on legality. In fact, the Official Opposition in the Senate proposes to add to Bill C-14 a clause providing that the payments made by special warrants shall be deemed to have been legal, because it has some doubts as to their legality. That is the whole question!

Appearing before the Standing Senate Committee on National Finance, the Honourable Eugene Forsey, in his testimony, talked about constitutional custom and precedent. He had some doubts about the legal aspect. However, he concentrated mainly on the constitutionality of the action taken by the Canadian government.

To talk about legality is one thing. To talk about constitutional custom is something else. There is a distinction to be made between the two.

First of all, let us look at the legal issue. Rightly or wrongly, the Parliament of Canada decided to introduce a system of special warrants and even laid this down in legislation. There are those who may regret this and prefer the British or Australian system. However, the fact is that special warrants are part of our parliamentary system. Unless we are able to prove that the Financial Administration Act has been infringed, the Government's behaviour in the present case is perfectly legal.

I do not think anyone has proved that Section 30 of the Financial Administration Act was violated. The special warrants were requested and they were signed. I fail to see how, on the basis of the wording of Section 30 of the Financial Administration Act, a court could decide that the four warrants in this case were illegal.

That is why I don't think there is any need for adding clause 8 to Bill C-14. The four payments made on January 19, February 16, March 23 and April 1 complied with the law. This is my opinion, although no one is infallible.

But they said: It's a precedent, a dangerous precedent. It must not happen again.

To prevent any repetition the opposition wants to state that the action taken is deemed to have been legal, thus condemning the government's behaviour. But that is what the debate is all about. The action appears to be legal. The action is legal. If we don't like the special warrant system, we should amend the Financial Administration Act to get rid of it. But they say no and fall back on a second argument. "If you prove that it is legal, we will prove that it is unconstitutional." That is the second question and what Mr. Forsey testified about.

Is the government's conduct unconstitutional, yes or no? Is it contrary to precedents, yes or no? We know very well that an act may be legal but unconstitutional. Or if you prefer, one may act legally and at the same time violate a convention. I am not the one who said that—the Supreme Court did.

We remember very well the facts surrounding the reference to the Supreme Court regarding the 1981 repatriation.

Both Houses of the federal Parliament tried to repatriate the Constitution of Canada with the support of only two provinces. The Supreme Court said that it was legal, but in violation of a constitutional convention because substantial support was required from the provinces, which the government did not then have.

Mr. Trudeau, the then Prime Minister of Canada, said, "Well, I shall go and get substantial support." He called a federal-provincial conference, as you know, for November 1981 and nine provinces said yes.

Quebec challenged it, saying that it had a veto and the Supreme Court said that there was no conventional veto, so substantial support existed and there was no violation.

In these matters, I take the Supreme Court as my only guide. It is the guardian of the Constitution. The court can say whether something is legal or not, if it respects a convention or not, although, as we well know, it cannot impose a convention.

• (1430)

[*English*]

As stated by the Supreme Court in the landmark case on the patriation of the Constitution, the Constitution comprises a juridical part and a second part composed of the conventions.

The legal part is composed of constitutional statutes and of principles of common law; those two parts constitute the constitutional law. The second part, the Conventions of the Constitution, are part of the Constitution, but are not included in the constitutional law. Of course, they should be respected.

[*Translation*]

Has a convention been breached in this case? The opposition says yes. We are saying that if you can ignore Parliament for three months you can do so for eleven months. You will respect the letter of the law but breach the conventions.

[*English*]

Let's look at the facts. In this case it is not eleven months; it is three months.

[*Translation*]

The facts are there. There are conventions which are based on reasonable delays.

A new minister who is neither a member of Parliament nor a senator must, so states the convention, seek election within a reasonable delay.

A minority government brought into office after a general election must recall the House of Commons within a reasonable delay and seek the confidence of the House. Those are two conventions based on reasonable delays.

If there is a third we will have to wonder about the delay.

In my opinion, the government can legally resort to special warrants for a while, but I would suggest that ignoring Parliament for a number of months goes against a common practice, perhaps even against a convention.

But that is not the case here. The government called Parliament a very few weeks after November 21, 1988, election day. This majority government quickly received a vote of confidence in the free trade debate, then it decided to adjourn for three months before resuming regular business.

So the question that arises is whether it is really unreasonable to adjourn for three months, so unreasonable as to violate a constitutional convention.

I do not come to that conclusion. Current expenditures were authorized by means of special warrants. Of course, I know that precedents vary. No two are alike. But still, there is a general rule.

Statistics kept since Louis Saint-Laurent's government show that Parliament, on average, was not recalled until 70 days after a general election.

In this case, the government recalled Parliament very shortly after the election and then it adjourned for three months.

I do not think that it is so unreasonable as to constitute a violation of a solidly established constitutional convention.

[*English*]

It is said that Canada is governed by conventions, but it is also governed by laws. We are not only governed by usages and conventions; we have a parliamentary system that is derived from the United Kingdom's. I like that form of government. It is probably the best in the world. But the supremacy of Parliament is under the supremacy of the Constitution, and the Constitution is the fundamental law of the land. Section 52 of the Constitution Act says that the Constitution of Canada is the supreme law of the land.

Senator Grafstein: The Prime Minister says the Constitution is not worth the paper it is written on!

An Hon. Senator: It's only Mulroney!

Senator Grafstein: And your leader in the Senate said the same thing in the Senate.

Senator Frith: A couple more of those comments and I will be on my feet.

Senator Doody: Don't get Senator Frith mad!

Senator Beaudoin: I can only say here what the Constitution of Canada says, which is that the Constitution is the supreme law of the land.

An Hon. Senator: Hear, hear!

Senator Beaudoin: We have also inherited the principle of the rule of law from Great Britain, which is a cardinal principle in our system. Our government is also a government under the laws. This is the case not only in a republican government but also in a constitutional monarchy like ours.

● (1440)

The Supreme Court of Canada, in the *Mercure* case and in the case of linguistic rights in Manitoba, has clearly said that the rule of law is part of our legal and constitutional system.

The Financial Administration Act respects the Constitution of Canada. Parliament had the right to establish the system of warrants, just as it has the right to abolish that system or to modify it.

[*Translation*]

In its legislation, Parliament can brush aside customs. It can even brush aside conventions as long as it stays within its own jurisdiction and respects the Charter of Rights and Freedoms.

[*English*]

I am therefore of the opinion that clause 8 of Bill C-14 should be deleted.

Some Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I want to repeat some memorable comments made to the Senate by the Leader of the Government on April 6, 1989, when Senator Murray proudly recalled a time long ago, when Mr. Mugabe, at a Commonwealth Conference, said, "Thank God for Prime Minister Mulroney." However, as Senator Frith pointed out a few days later, it has been a long time since the front-line enemies of apartheid have thanked God or anyone else for our Prime Minister. But on the weekend I did read that thanks were being given to the Senate. Marjorie Nichols—

Some Hon. Senators: Oh, oh!

Senator Barootes: The oracle!

Senator MacEachen: —in an article entitled "Conservatives trample on rights of House", described the government's use of Governor General's special warrants and said, of what we are doing, "Thank goodness for the good old unelected Senate."

Some Hon. Senators: Hear, hear!

Senator MacEachen: I thought I would use that quotation to put my colleagues in a better frame of mind, so that they understand that they are being appreciated by an important journalist.

Senator Flynn: I refuse that compliment!

Senator MacEachen: In that article Marjorie Nichols sensed that there was a constitutional principle involved in this debate. There is a fundamental constitutional principle involved, and the fact that our learned colleague, Senator Beaudoin, spent a good part of his time on the Constitution of Canada underlines that fact.

It is clear that the government, at least in the House of Commons, is uncomfortable with this constitutional and legal question, because yesterday, in rejecting the amendment that had been put forward by the Senate, the President of the Treasury Board put to one side, rather gently, the constitutional and legal question, made a few assertions and then went on to raise a smoke screen and a red herring such that, if the Senate persisted in raising and debating this constitutional issue, it would somehow contribute to the cessation of payments to civil servants or war veterans.

Senator Guay: Not true!

Senator MacEachen: Honourable senators, I am not surprised—and I will return to this point made by the President of the Treasury Board—that the government is not willing to debate the legal or constitutional question in the House of Commons. This constitutional principle has evolved over a period of years, whereby Parliament wrested away from the sovereign the control of the public purse. What began as the divine right of kings evolved into the supremacy of Parliament. That supremacy, in my view, is being directly challenged by the current government, which, through the unjustified use of Governor General's special warrants, is appropriating unto its own hands the traditional authority of Parliament. That is the issue.

It is as if the supremacy of Parliament were but an intervening episode, positioned between the divine right of kings and the evolving divine rights of the Prime Minister and his ministers.

Although yesterday the Prime Minister was eloquently defending the supremacy of the House of Commons, he is, by his very actions, undermining that supremacy. I wonder whether the Prime Minister has really focused on this question. I wonder if the Leader of the Government in the Senate has focused on the question.

I give credit to Senator Beaudoin that he has focused on the issues and has dealt with them from his own point of view. It may be useful in attempting to evaluate the comments that we have just heard from our learned colleague to recall the events that constitute the background to this particular controversy.

Senator Beaudoin seemed to imply that the constitutional issue rested on how long the government kept Parliament in recess or how long a period of time elapsed between the election of the government and the summoning of Parliament. He went on to say that it is not unconstitutional to ignore Parliament for a few months. That may be true, but that is not the point.

The government did summon Parliament last December, but it did not ask Parliament for supply. It dealt with the free trade legislation and adjourned on Friday, December 23, to the call of the Chair. While the Senate was debating Bill C-2 in this place, the House of Commons was adjourned and no attempt was made to seek supply.

In the meantime Supplementary Estimates (B) were tabled in the House of Commons. The question is: Why didn't the government, when it had Parliament at its disposal, seek the granting of supply? Why did it not do what governments have done since time immemorial, when Parliament was in session—seek supply? The government did not.

Parliament then adjourned until early March. The government, during that adjournment, secured supply by the use of special warrants. To add an even greater crime, as it were, to its previous misdemeanours, it then prorogued Parliament and, several days before Parliament reconvened in April, in the early days of April it sought through Governor General's special warrants the sum of $6.2 billion. We were called here in December and adjourned. Then we were prorogued, and a few days before we were to reconvene the government resorted again to special warrants. It is not a question of ignoring Parliament. It is a question of not putting supply before Parliament, seeking the approval of Parliament for its expenditures when it could have done so, and relying upon Governor General's warrants. That is the issue.

• (1450)

The government appropriated to itself the authority to spend money without seeking the approval of Parliament. We are told that that is fully legal and consitutional. It is a fact, Senator Beaudoin and honourable colleagues, that, if the government can do that for this particular period, it can do that for an indefinite period. It can do it for nine months or it can do it for ten months. Senator Beaudoin shakes his head. Why not? There is no constitutional requirement, except that Parliament meet once a year.

We were told in committee by the President of the Treasury Board that there is no limit on the amounts that can be sought in this way. We were told that any item appearing in the regular Estimates could be subject and would be subject to Governor General's warrants. I believe he further stated that there was no time limit on that particular use of warrants.

Honourable senators, it is not clear that Parliament can be summoned, as it was in December, and then adjourned, and in that period of time, whether it be three months or nine months or ten months, the government can finance its operations by

the use of Governor General's special warrants. That is the question before us.

It is interesting that Senator Stewart, in his summation this afternoon, has drawn upon very persuasive evidence given when the amendments were made in 1951. There is evidence from the Deputy Minister of Finance, the solicitor of the Treasury Board and important politicians, arguing conclusions from that amendment which are totally different from the conclusions that have been put forward by the government and, we are told, supported by its law officers.

It is further interesting to note that since these amendments were made in 1951 there is no precedent that can be brought forward to justify the use of warrants in this particular case, that is, when Parliament is adjourned. Senator Roblin said that that is not conclusive. If it is not conclusive, then it is quite instructive.

Dr. Forsey is regarded on all sides as having some competence in the field of our Constitution. As Dr. Forsey explained before the committee last week, if the government can bypass Parliament for three months, what is to prevent its adjourning Parliament for four or five months or even nine or ten months?

Senator Flynn: Inept opposition!

Senator MacEachen: Senator Flynn is obviously in a dream world, because the government has resorted even now to closure on adjournment motions. It has changed the Standing Orders under closure with its massive majority. No opposition could stop it.

Senator Flynn: The adjournment was by agreement on all sides.

Senator MacEachen: The fact that this has occurred is bad enough, but the evidence from the President of the Treasury Board and his officials is that this can be done at any time. It is within the law and is fully constitutional. What is the use of Parliament for supply if special warrants can be used for an indefinite period? Where has the control of the public purse gone?

If Senator Beaudoin believes this is legal, would he not agree that the law should be changed to prevent a government from using warrants in this unjustified and abusive manner? That is what is happening in this particular instance, and that is the constitutional principle that is involved.

Honourable senators, we have today an odd spectacle. The government comes forward with a motion asking us to agree with the conclusions of the House of Commons, without giving us a statement, without giving us any reasons, without any argument whatsoever, and without any defence.

Senator Murray: Where were you last week?

Senator MacEachen: There is a motion before the house that has been moved by the government, and there is not a single statement from the government on that point.

Senator Murray: We thrashed it about last week. You were not here.

[Senator MacEachen.]

Senator MacEachen: We heard an important new statement this afternoon from Senator Stewart, adducing new evidence by the Deputy Minister of Finance on the very amendments which were made, and there is no reply from the government. They have no answer. They have to go to the law officers to find out what they think.

Senator Murray: Question!

Senator MacEachen: Will you tell us who the law officers are?

Senator Murray: You know who they are.

Senator MacEachen: Who are they? Are they anonymous persons? Tell us who they are. Is it the Minister of Justice or the Solicitor General? Was it the Solicitor General or the Minister of Justice who advised you that everything was legal?

Senator Murray: The Minister of Justice is the chief law officer of the Crown. You know that.

Senator MacEachen: You will not bring them before the committee. We are told by the government that anonymous advice was given by the law officers that this is fine. Will they come before the committee and defend their opinion against the evidence which Senator Stewart put forward today? Will they come and deny the validity of what the Minister of Finance stated when he urged Parliament to adopt this amendment? We would like to find that out. Will they come and stand up before the committee and debate the history and reality of this particular point?

We think this message should go to the committee to have these witnesses, these anonymous law officers of the Crown, whose weight is so substantial, confront the history of this issue.

The second point I would like to make concerns the government's actions of the past few days. When they get into what appears to be a debate, particularly with the Senate, they immediately resort to scare tactics and to smoke-screen tactics. Yesterday we were hearing that if the Senate does not buckle, payments to veterans are in jeopardy.

Senator Olson: Shame on them!

Senator MacEachen: That is a falsehood, a clear falsehood! Even the President of the Treasury Board was not prepared to make a categorical statement to that effect yesterday in the House of Commons. The conclusion of his remarks was: maybe, maybe not; I am not sure. However, why did he say that? It was to create fear in the hope that senators on this side of the house would buckle and fall under the weight of a threat that we were denying pension payments to veterans of Canada.

Senator Flynn: You were not here before 1984.

Senator MacEachen: I want to tell you, honourable senators, that if the President of the Treasury Board cannot guarantee payments to the veterans, then the Liberal Senate will.

Some Hon. Senators: Hear, hear!

• (1500)

Senator MacEachen: I also want to know what happened to the $6.2 billion that the government took last month? Where did that money go?

Senator Austin: Wasn't the Prime Minister travelling?

Senator MacEachen: Where is that money? Where was it spent? Why was not some of that money kept for the veterans rather than spent in government extravaganzas, like shrubs at the Prime Minister's residence and French wine at the opening—

Some Hon. Senators: Oh, come on!

Senator Barootes: You were first on the Liberal list!

Senator Murray: You were right there!

Senator MacEachen: —of the Canadian embassy in Washington. Where did all the money go? That is a real bluff. I have heard that line before. That is a bluff.

Senator Flynn: Yes? From whom? From whom did you hear it?

Senator MacEachen: The President of the Treasury Board—

An Hon. Senator: Order!

Senator MacEachen: —should have more savvy—

Senator Flynn: Come on!

Senator MacEachen: —than to use that tired-out old line on experienced politicians like those of us who sit on this side of the Senate.

Some Hon. Senators: Hear, hear!

Senator MacEachen: We are not buying it—

Senator Flynn: Because you couldn't!

Senator MacEachen: —honourable senators.

An Hon. Senator: Hear, hear!

Senator MacEachen: We are not buying that line at all.

Senator Denis: No, sir!

Senator MacEachen: We will do our work as members of the Senate, and when we have concluded that we have done our work in the proper way we will conclude this event—not as a result of empty threats from the President of the Treasury Board and others who are so uninformed about—

Senator Perrault: Hear, hear!

Senator MacEachen: —the operations of government.

Some Hon. Senators: Hear, hear!

QUESTION AND MESSAGE REFERRED TO COMMITTEE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I move:

That the question, together with the Message from the House of Commons on the same subject, dated May 15, 1989, be referred to the Standing Senate Committee on National Finance for consideration and report.

An Hon. Senator: Ask the lawyers to come forward.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, on a point of order, there is a motion before the house—

Senator Olson: This is an amendment.

Senator Murray: —proposed by Senator Doody a few minutes ago.

Senator Frith: Yes, and a motion to refer a question to a committee is always in order.

Senator Murray: I presume the Leader of the Opposition is attempting to move an amendment to that motion, is he?

Senator Frith: No, he is not.

Senator Olson: You are not serious, surely.

Senator MacEachen: Well, I can only cite the precedent of September 3, 1987, when precisely the same amendment, in the same form, was moved and adopted.

Senator Flynn: By whom?

Senator Roblin: Him.

Senator Flynn: You?

Senator Frith: By the Senate.

Senator MacEachen: By the Senate.

Senator Murray: You have to deal with Senator Doody's motion.

Senator Roblin: His Honour the Speaker can worry about that.

Senator MacEachen: That is the question. When I say "the question, together with the Message", the message refers to his motion.

The Hon. the Speaker: Are we considering this as an amendment to the main motion, honourable senators?

An Hon. Senator: It should be.

The Hon. the Speaker: We have a motion on the floor, and now Senator MacEachen is putting forth an amendment to the motion, is he not?

Senator MacEachen: It is a motion to refer it to committee.

Hon. H.A. Olson: Honourable senators, rule 36 clarifies it completely. You can move a motion to send it to a committee at any time.

Senator Flynn: Thank you.

The Hon. the Speaker: That is what I mean. It is an amendment to the main motion—

Senator Frith: No, it is not.

The Hon. the Speaker: —that was put forth by Senator Doody.

Senator Olson: Honourable senators, we can refer to rule 36 of the Senate, which states:

> When a question is under debate, a motion shall not be received unless—

And I stress the word "unless".

> —it is a motion to amend the question, to refer the question to a committee,—

which is precisely what he has done.

Senator Frith: That is exactly what I have said.

Senator Olson: I do not need to read the rest of it, because it is clear that you can move a motion to send it to committee.

Senator Frith: You can always refer a motion to a committee.

Senator Olson: Send it to the committee.

An Hon. Senator: It is a motion in its own right.

The Hon. the Speaker: There is a motion by the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Argue, P.C.:

> That the question, together with the Message from the House of Commons on the same subject, dated May 15, 1989, be referred to the Standing Senate Committee on National Finance for consideration and report.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

[*Translation*]

Senator Murray: Honourable senators, I would like to ask the honourable Chairman of the Senate Standing Committee on National Finance if he is willing to call a meeting . . .

Hon. Peter Bosa: The Committee Chairman is not here.

Senator Murray: Senator Leblanc (Saurel) is the Chairman of the Senate Standing Committee on National Finance, is he not? I would like to know if the Committee Chairman is willing to call a meeting this afternoon.

[*English*]

To the mover of the motion, I would like to know whether, in his view, it would be prudent, assuming the committee could meet this afternoon, for the Senate to arrange to sit tonight to receive a report from the committee.

Senator Frith: No; I would say that that would be imprudent!

[*Translation*]

Hon. Fernand E. Leblanc: Honourable senators, arrangements have already been made in case we have to sit this afternoon. The room is booked. We could wait until tomorrow but we can sit this afternoon if the Senate so desires.

[*English*]

Senator Murray: Honourable senators, that being the case, I would not want to detain the Senate. It appears that after several hours of caucusing this morning at least my friends opposite have come to a tentative conclusion, an interim decision, as to—

An Hon. Senator: Stall!

Senator Phillips: Shameful!

Senator Murray: —how they want to proceed. They do not—at least for the moment—accept the verdict of the elected chamber, which has been—

An Hon. Senator: There we go again.

Senator Perrault: A put down!

Senator Murray: —that the elected chamber, the representatives of the people in the other place, do not accept the amendment put forward by the Liberal majority in this place.

Hon. Charles McElman: Could I ask you this: Do you accept the Constitution that this is a legitimate chamber?

Senator Murray: Honourable senators, we have had this discussion on a previous occasion. There is no doubting the constitutional status of this chamber, the powers that were assigned to this appointed chamber in 1867, or the conventions that have grown up—at least in the post-war years—

Senator McElman: Confirmed in 1982.

Senator Murray: —in which the Senate has accepted that it cannot possibly compare its political legitimacy with that of an elected House down the hall.

Senator Gigantès: Article 4 of the Charter gives us the right to override the other House.

Senator Murray: In any case, honourable senators—is that Senator Gigantès?

Senator Doody: Yes. It is all right; do not worry about it.

Senator Gigantès: It is a point of order.

Senator Doody: You will get Senator Frith all upset again with these interruptions!

Senator Murray: Honourable senators, the question has been asked this afternoon, first by Senator Stewart and then by Senator MacEachen in the high dudgeon: Who are the law officers of the Crown?

Senator MacEachen at least, having served many years in several governments of the country, knows perfectly well who the law officers of the Crown are. The chief law officer of the Crown is the Minister of Justice, the Attorney General of Canada. He takes responsibility for the legal advice that is tendered to the government. It is no secret, however—in fact, it is obvious—that he is guided, as the government is, by the advice that is given by experienced, professional counsel in the Department of Justice. It would be—certainly it is in my experience—quite unusual for the Minister of Justice and the chief law officer of the Crown to substitute his professional opinion for that of the lawyers in the Department of Justice.

● (1510)

There was a celebrated and rather unhappy criminal case almost 25 years ago in which that happened. The Minister of

Justice at the time was the late Mr. Favreau, and he took it upon himself, in consultation with the Commissioner of the RCMP, to substitute his, or their, legal opinion in a criminal matter for that of the law officers in the Department of Justice, who were not even consulted. That was subsequently the subject of an inquiry by a Royal Commission and of some quite pertinent remarks that Mr. Justice Dorion, as he then was, made at the time. The results were extremely unhappy.

Honourable senators, this matter involves the spending power of Parliament; it involves the prerogatives of the Crown and the rights of the government under the existing legislation, and it is an important matter, as honourable senators have pointed out. However, for a minister of justice or a government to act in a way that legal counsel had already advised them was illegal or unconstitutional would, I think, be an extremely irresponsible step for any minister of justice or any government to take.

Then the honourable senators on the opposite side wanted to know, did we probe the law officers sufficiently or did we ask the right questions of the law officers. Honourable senators, the inference drawn by Senator Stewart is very clear: it is that ministers and their legal advisers play games with each other; that they play the kind of word games that we have seen played here today, and in committee and in the Senate itself in the past week or so.

Senator Roblin: Senator Stewart ought to know about that!

Senator Murray: The inference is clear that, if we couch the questions that we put to our legal advisers carefully enough, those legal advisers will give us the advice that they think we want to hear.

Honourable senators, the law officers, the people who advise the Minister of Justice and the government, give their advice in writing and they put their professional reputations on the line. Also, opinions of this nature are not drafted by one lawyer and sent up to quickly become the judgment of the chief law officer of the Crown. In fact, they are vetted, they are discussed and they are verified. They are not always right, as we know. The Attorney General of Canada loses cases in court; so they are not always right—

Senator Grafstein: Exactly.

Senator Murray: "Exactly" says Senator Grafstein, but, until Senator Stewart and Senator MacEachen came along, I had not heard their professional integrity questioned. It is not their custom to play games with ministers of the Crown. They give their advice; they give it in writing, and we are acting on that advice, let me assure the honourable senator.

Hon. John B. Stewart: May I rise on a point of privilege? I certainly did not intend to imply that their personal integrity was in any way in question. The situation is really very simple. Somebody looked at subsection (5) of section 30. It is conceivable that somebody looked at it rather hastily and found that it seemed to have an obvious meaning. However, if one paused for a moment—and I would assume that the Minister of Justice would have paused for a moment—and asked: "What are the constitutional implications of that interpretation?", he would have concluded that the superficial meaning must be wrong. That is what we are saying. That is why I asked: "Did you probe behind the superficial meaning?"

Senator Murray: I think we have heard enough!

Senator Stewart: That is why I raised my question of privilege, honourable senators. I do have a question of privilege here, honourable senators—

Senator Murray: I think we have heard enough. The honourable senator has made his point, and I would like to continue. Now the honourable senator is telling me that he is not questioning the professional or personal integrity of the legal advisers to the Crown; he has simply told us that they are superficial in the advice that they give to ministers.

Senator Stewart: That is a remarkable difference.

Senator Murray: Nonetheless, I am glad to have it on the record. The law officers of the Crown, the people who advise the Minister of Justice, do as the senator inferred earlier; namely, they play games with ministers. If ministers are smart enough to couch the question and to limit it in just the right way, the law officers of the Crown will give ministers what they think ministers want to hear. The law officers of the Crown will give ministers "superficial advice", to quote the honourable senator. This is nonsense, and it is not at all justified by the quality of the advice that this government and previous governments—

Senator Roblin: Considering MacEachen's experience.

Senator Murray: —have consistently received from law officers of the Crown.

Senator MacEachen: Why don't you get on your feet?

Senator Roblin: I just might.

Senator Murray: Having said that, I ask: Of the opinions we have received, whose opinions do we oppose? We oppose the opinion of Dr. Forsey. So be it. We oppose the opinion of Senator Frith.

Senator Phillips: Oh, no!

Senator Murray: So be it.

Senator MacEachen: You haven't got Gordon Robertson's opinion yet!

Senator Murray: However, honourable senators, we have the advice that has been given to the government, including that given by none other than the Law Clerk and Parliamentary Counsel of the Senate, a very experienced counsel to this chamber of Parliament.

Yesterday Senator Frith ventured further into the realm of free legal advice, when he told us:

> The authority to spend money does not expire today. The warrants expire, but the government took some $6 billion out on the basis of the warrants. If they are out of money, they are out of money because they spent that, not because it is May 15.

Then he said:

I see no reason why the Senate should act as if they believe this smoke screen being put up on the issue, by accepting to reconvene at six o'clock and thereby implying that we think there is urgency when, in fact, we know that there is not.

That is germane to the arguments made earlier by the Leader of the Opposition to the general effect that, if there is money left over from the Governor General's warrant, we should be able to spend it on the purposes authorized. Again, I have to tell the Leader of the Opposition and his chief legal advisor, Senator Frith, that the legal advice we have received on this very point is that the expenditure authority conferred by the Governor General's special warrant of April 1 expired at midnight last night. The point is that the warrant itself, signed by Her Excellency, authorizes the President of the Treasury Board to pay out a certain amount of money from the Consolidated Revenue Fund "for the purposes set forth in the schedule hereto." The attached schedule is entitled "Special Governor General's Warrant Providing for Expenditures up to May 15, 1989." The legal advice with regard to the warrant that the government has received is that it expired at midnight last night and that the Governor General only authorized the government to expend moneys up to May 15, 1989. Of course, with Parliament now in session, we would face another firestone from honourable senators opposite if we disregarded that advice and went beyond the May 15 date and continued to spend from the moneys that were made available on the Governor General's warrant.

Senator MacEachen: May I interrupt the Leader of the Government to ask if the expiry date is included in that part of the warrant signed by Her Excellency?

Senator Murray: Honourable senators, the warrant signed by Her Excellency reads as follows:

> Special Warrant Issued pursuant to section 30 of the Financial Administration Act.
>
> Pursuant to Order in Council P.C. 1989-545 of April 1, 1989 the President of the Treasury Board is hereby authorized to pay out of the Consolidated Revenue Fund the amount of $6,175,011,778 for the purposes set forth in the schedule hereto.

It is signed by Her Excellency.

Senator MacEachen: Is that the point where the signature takes place?

Senator Murray: That is where the signature takes place.

Senator MacEachen: That answers my question. The portion signed by Her Excellency does not contain a date.

Senator Murray: Honourable senators, my honourable friend is entitled to do this. That is, he is entitled to put forward his legal opinion against the legal opinion we have received.

Senator MacEachen: I just asked a question and I got an answer.

[Senator Murray.]

Senator Murray: My friend has done more than ask a question. He has given us his legal opinion.

Senator MacEachen: Not at this point!

Senator Murray: I am telling the honourable senator, with all the respect that is his due, that the government is inclined to accept, over Senator MacEachen's legal opinion, and even the legal opinion of Senator Frith, Q.C., the legal opinions given by the law officers of the Crown.

Senator MacEachen: Anonymous, uncited individuals!

Senator Murray: My honourable friend has been around long enough to know why governments do not put legal opinions on the table. Indeed, I believe there is a rule to that effect in the other place. In any case, there is the longstanding custom that governments do not release legal opinions provided to them.

Senator Frith: What is the legal opinion? Is it that the government cannot sign a cheque for anything after midnight? That is not the opinion you are talking about.

Senator Murray: I just told the honourable senator that the legal advice we have received is that the expenditure authority conferred by the Governor General's special warrant expired at midnight last night and that we are not—

Senator Frith: And that they cannot write any cheques?

Senator Murray: The Governor General has authorized the government to spend moneys up to May 15, 1989.

Senator Frith: I will speak to that.

Senator Murray: Now, the fact of the matter is that supplies that were contracted for and that arrived before midnight last night could be paid for today. Supplies that arrive today cannot be paid for today.

Senator MacEachen: How about next week? Would that do?

Senator Guay: You could have sent out the cheques yesterday!

Senator Murray: The veteran who takes a prescription to the pharmacy today and then goes to the local DVA office to be reimbursed for that prescription, whereas he or she would normally be reimbursed in a couple of days, as the system works, cannot now be reimbursed until supply is granted.

Senator Frith: I don't believe that's right! Anyway, I will speak to it.

Senator Murray: In the case of veterans' pensions and allowances, I do not know how much lead time they have.

Senator Guay: Why didn't you send the cheques yesterday?

Senator Murray: I do know that the cheques will have to be in the mail very soon.

Senator MacEachen: Why didn't you bring Parliament back and deal with this in February and March? That's the point!

Senator Murray: I have made inquiries and I can tell honourable senators that the pay cheques for the Royal

Canadian Mounted Police and their employees are in the hands of the commanding officers across the country in the various detachments. Normally these pay cheques would be released on Thursday. If supply is not granted, of course, the commanding officers will not be authorized to release those pay cheques, and we are talking about $30 million—

Senator Frith: What do you mean, "of course"? Why "of course"?

Senator Murray: "Of course", because of the legal opinion.

Senator Frith: Because you say so?

Senator Murray: I say so, engaged as I am in my responsibility as a minister of the Crown, on the basis of legal advice that we have received. I know that even after almost five years Senator Frith finds it very difficult to accept that his party is not in office any more and that other people have the responsibility of the government and must act in consequence thereof.

Some Hon. Senators: Hear, hear!

Senator Murray: I should tell the Senate as well that yesterday, at about six o'clock in the evening, the Secretary of the Treasury Board sent to all deputy heads and heads of agencies a memorandum on this matter, which I shall read to honourable senators and place on the record, so that they may have an understanding of the situation that the government and Parliament face as a result of not having been granted supply. It is addressed to deputy heads and heads of agencies and is headed: "Subject: Temporary expenditure restrictions."

● (1520)

> As you may be aware, the Interim Supply Bill has not received Royal Assent and the authorities provided under the Special Governor General's Warrants of April 1, 1989 covering the first 45 days of the 1989-90 fiscal year expire on May 15, 1989. Consequently, in accordance with Section 33 of the Financial Administration Act, no payments, including grants, contributions, and other transfer payments, are to be made as of 12:01 a.m. May 16, 1989 except in those instances in which the good or the service was provided in full according to the terms of the contract prior to May 16, 1989. This applies not only to Receiver General cheques, but also to cheques drawn on Departmental Bank Accounts and the issuing of travellers cheques.
>
> The above restrictions do not apply to authorities provided through statutory appropriations of Parliament.

Senator Roblin: Do not forget senators' pay.

Senator Murray: Senator Roblin reminds me that this applies to senators' pay—just in the event that any honourable senators are concerned. Perhaps that is what took up so much time at their caucus this morning. This document goes on to state:

> Accordingly, the President of the Treasury Board has directed that as of Tuesday, May 16, 1989, the balance of uncommitted funds granted through the Special Governor General's Warrant of April 1, 1989 is to be considered unavailable until such time as supply is granted for Appropriation Act No. 1, 1989-90.

It is signed by the Secretary of the Treasury Board.

Senator Frith: Will the honourable senator be tabling that document?

Senator Murray: I have read the document into the record, so it will be there for my honourable friend to read. There is no great secret about it.

Senator Frith: Will it be produced at the committee meeting?

Senator Murray: It has been read into the record.

Senator Frith: If you refer to a document, you should table it.

Senator Murray: I will be glad to table the document, if the honourable senator is interested in it.

Honourable senators, as the legal advice has indicated and as I have stated, the warrants expired at midnight last night. We have no authorization to spend beyond that date. There are payments, such as the payments under health care, home care and care in institutions for veterans and veterans' pharmaceutical purchases, that cannot be refunded or reimbursed until supply is granted. The RCMP payroll, which is due on Thursday, is the next deadline we face. After that, of course, we are into serious questions involving veterans' allowances, pensions, civil servants' pay and so forth.

Of course, Senator MacEachen has already given an undertaking to the veterans of Canada on behalf of Liberal senators. I hope he will extend that guarantee to cover, as well, veterans' health benefits—the assistance they receive for health care in their homes and in institutions and, of course, reimbursements for treatment provided or drugs bought after May 15, which cannot now be reimbursed. I would hope he might also wish to extend his assurance to cover members of the Royal Canadian Mounted Police and their civil service employees, whose $30 million payroll is due on Thursday.

I must say, knowing what we know about the financial situation of the Liberal treasury, I am not sure whether to take the assurances of the honourable senator very seriously.

Senator Guay: What are you smiling for?

Senator Murray: Honourable senators, I can count. Other senators may wish to participate. I simply appeal to those members of the committee on the other side, especially Senator Stewart, who has been conducting a one-man marathon in that committee, to bear in mind the serious consequences of delaying this supply bill any further. I would like, therefore, to see the committee report tonight. We, on this side, are ready to sit tonight to receive that report, to pass the bill and to get Royal Assent. If not, of course, we can sit tomorrow morning at ten o'clock, if honourable senators are ready to do so. We take this matter very seriously and we do not wish to be associated with the highly undesirable consequences of not passing this bill.

Some Hon. Senators: Hear, hear!

Senator MacEachen: May I ask the Leader of the Government in the Senate a question? Am I correct in asserting that there is no paylist involved, except the paylist of the RCMP, which will be, apparently, payable on Thursday? Am I correct that there is no paylist involved with war veterans' allowances or salaries of public servants and that the only items involved are reimbursable expenses for veterans, which, in any event, if submitted today, would not be reimbursed that day but several days later? That is the understanding I have.

In the light of that, I have no hesitation in repeating an assurance which I gave yesterday afternoon, when I was asked by the press, that the Liberal senators have no hesitation in guaranteeing that all these obligations will be fully met.

Hon. Jacques Flynn: Would the Leader of the Opposition say that when we were given the same kind of warning by Senator Perrault, Senator Olson and Senator Frith some years ago it was not true? We were not told the truth at that time, that all the pay cheques were stopped immediately.

Senator MacEachen: Perhaps you could tell me what specific instance you have in mind.

Senator Flynn: In all cases of supply.

Senator MacEachen: Give me some concrete examples.

Senator Flynn: We were always told that if we did not give supply right away all payments would stop and pensions and so on and so forth would not be paid. I challenge Senator Frith to say that we were not given that warning on several occasions before 1984.

Senator Murray: Honourable senators, in answer to the question put by the Leader of the Opposition, the most immediate problem does concern the payroll of the RCMP, but I am rather concerned at the casual attitude of the honourable senator towards the payroll of the mounted police. They are on duty throughout the country at various detachments. So, too, are their civilian employees. It involves a $30-million payroll. The cheques are in the hands of the commanding officers across the country and we would like to see this bill through so that they can be paid, as scheduled, on Thursday.

By now, in the normal course of events, the senior financial officer of the Department of Veterans Affairs would have attested that there are sufficient uncommitted funds remaining to pay the pensions and allowances to veterans. He cannot do that. Until he does that, no cheques can be put in the mail. That is a fact.

Senator MacEachen: That is clear.

Senator Murray: I am glad it is clear to the honourable senator. If it is that clear to him, then he will lose no time—if the committee must meet again—in getting the committee to pass this bill back to the Senate so that the bill might be passed.

Senator MacEachen: The only deadline you have given us is Thursday. You have been very clear on that. You have told us that it will be very late on Thursday. Do not try to change your tune.

[The Hon. the Speaker.]

Senator Murray: No, no. I want this to be well understood so that the responsibility will lie where it should.

Senator Lang: In the government's hands!

Senator Murray: We have passed a deadline with regard to those veterans' allowances and pensions. By now the senior officer in the Department of Veterans Affairs should have signed off and attested that there are sufficient uncommitted funds remaining, so that the process can begin and the cheques can be put in the mail. Cheques will go out in the mail later this week.

• (1530)

Senator MacEachen: What date?

Senator Murray: I do not know what date.

Senator MacEachen: Well, you should know, if you are telling us it is urgent.

Senator Murray: It can be any time, he attests.

Senator MacEachen: When would they go in the mails this week? What date?

Senator Murray: I do not know what date—

Senator MacEachen: Do not come pleading to us when you do not know.

Senator Murray: —but I am telling the honourable senator that they can start now.

Senator MacEachen: Of course, they could be signed.

Senator Murray: Yes.

Senator MacEachen: They could have been signed last week.

Senator Murray: No. They could not have been signed last week.

Senator MacEachen: The point is that you are telling us that money is urgently needed, but you cannot tell us when the cheques are going to be in the hands of the veterans.

Senator Murray: I assure the honourable senator that if this bill is delayed, they will be in the hands of the veterans later than they would normally be. I am telling the honourable senator that normally by this day the senior financial officer in DVA would have signed off and attested that there were sufficient funds remaining and the cheques could start going in the mail at any time after that. That is the information I received.

Senator MacEachen: That does not answer the question.

Senator Murray: If the honourable senator wants to take chances and wants to split hairs on the matter, then let him do so!

Senator Perrault: Go out and make a phone call!

Senator Murray: However, I hope that the Senate will have acted in good time—

An Hon. Senator: Hear, hear!

Senator Murray: —so that nobody will be victimized—

Senator MacEachen: We have given that guarantee already.

Senator Murray: —by the games that are being played here.

Senator MacEachen: We have given you that guarantee.

Senator Murray: I simply appeal to honourable senators and tell them that we intend to vote against this motion, of course.

Senator MacEachen: In an orderly manner.

Senator Murray: If it passes, I appeal to honourable senators to do their best to get this bill back here tonight or, if that is not possible, then by tomorrow morning at ten o'clock. We would be here for such a session—

Senator MacEachen: You are not helping your case by that childish performance!

Senator Murray: —so that supply could be granted and Canadians—veterans, members of the RCMP and others—would not be victimized by the political games that have been played in this place—

Senator Stollery: It is too bad they did not think of this when they were giving their Estimates.

Senator Murray: —by the Liberal opposition.

Senator Frith: Honourable senators, I do not understand the point of this motion in the same way as Senator Murray seems to. In my opinion, he is missing the point of the motion if he thinks that it is based on our feeling that the law officers of the Crown are unprofessional.

Senator Murray: "Superficial" is what you said.

Senator Frith: Although I am a lawyer, I know that the rule of law does not mean the rule of lawyers. It means the rule of law, not the rule of lawyers. I do not think that the point here is really that hard to grasp. A question has been raised in Parliament—in a part that is, as you admit, an authentic part of Parliament—and some dispute has arisen as to legal opinions about it.

Now, I took the trouble to make some inquiries also; first, in the committee on the constitutional and legal side. On that side, it seems to me that the reason we want the issue referred to committee is in order to hear some evidence on that. I assume that the Leader of the Government will produce for the committee the Minister of Justice, whom he says is the man responsible for this opinion, for their version of the legal issue.

Senator Murray: No, no.

Senator Frith: Now we see how generous and open on the question of parliamentary principle and tradition the government is. The Leader of the Government here says that the person responsible for the opinion that the government holds on this issue, namely, that what they did was legal and constitutional, is the Minister of Justice. The question before us is: Is it legal and constitutional? We have differences of opinion on it, but that is the question.

Senator Murray: Big deal!

Senator Frith: Then we asked to send the matter to committee, as we routinely do with bills, and recently have done with messages, but he will not produce any witnesses. Well, I am not surprised that he wants us to report tonight. Why bother having the sitting at all?

Again there are two issues. The first is the question of legality and constitutionality. The best witness on that subject, from the government's point of view, best witness to represent and support the government's point of view, is the Minister of Justice.

• (1540)

The next question is whether the government can write cheques. Senator Murray has made some inquiries, but seems to think that I did not make any because I have been suffering for five years over the fact that our party is not in power, which is as relevant as the Prime Minister's comment that the present constitutional issue has something to do with strategy in the last election. If we, in fact, were responsible for the fact that he won, he is an awful ingrate. You would think he would be thanking us instead of dumping on us.

As I said, the next issue is whether these payments can be made, and there is the question of the interpretation of the expiry of authority. I made some inquiries, too. I made inquiries of people who I think know what they are talking about. I asked if the authority under Governor General's warrants is an authority to write individual cheques or to write cheques to pay particular accounts.

Senator Murray: Who are these anonymous people?

Senator Frith: I will produce them when you produce the Minister of Justice. You bring the Minister of Justice to the committee and I will divulge my sources.

Senator Flynn: Are they the same sources Senator Frith had before 1984?

Senator Frith: I am coming to that. Don't be impatient. All questions will be answered in due course, but in turn.

The questions raised on this matter of constitutional and parliamentary importance are: Is it constitutional and legal? Is it unprecedented? Will it create a dangerous precedent? Those are the main issues. These questions will be asked at the committee meeting, and if the committee is not to be given any evidence to support the government's position, then what conclusion is the committee to come to in its report?

The second question relates to payments. I asked this question: When Governor General's warrants are issued—I know from reading the act that they constitute an authority, just like an appropriation—is that authority an authority to make payments, that is, write out cheques, until the expiry date of the warrant? Or can the government use that authority to take out money, against which it then writes cheques? I was told that the Governor General's warrants give the authority to take a chunk of money out of the Consolidated Revenue Fund and then the government can write cheques, and that in fact is what it does, and, in fact, that is what it did in this case.

So it is true that, as of last night, the government has no authority to take another chunk of money out of the Consolidated Revenue Fund; but, in my opinion—and I should like to ask someone about this tomorrow—it is not true to say that the government cannot write any cheques, because it will find the funds.

What evidence do we have to support the fact that the government will find the funds? Well, we have the evidence, which is only about six minutes old, that in DVA there is an officer who can certify that there are sufficient uncommitted funds. We know that if there are uncommitted funds they can be used.

Senator Murray: He cannot authorize that until supply is granted.

Senator Frith: The money is there and was taken out on the authority of the warrants. The statute says that and the practice says that. The statute clearly provides that a Governor General's warrant is the same as a supply vote in that they both constitute an authority, and that authority is to take money out of the Consolidated Revenue Fund.

The point is this: No one would expect Senator Murray to say, "Oh, yes, you are right", any more than I would say, "Yes, you are right", to these differing points of view, but if we are going to refer this to committee, as we are, and if the government wants speedy action from the committee, then I suggest it provide the two best witnesses on these two principal points, the Minister of Justice on whether this is legal and constitutional— and then let's hear why he says that it is—and the President of the Treasury Board to explain to us whether this question of not being able to pay these accounts is a matter of law, fact and practice, or is what I suspect it is: flimflam!

Hon. Finlay MacDonald: Honourable senators, I wish to address a few brief remarks to the motion to refer this matter back to committee. I want to assure honourable senators that I have no intention of getting into the legality or urgency, or matters of that kind, since that field has already been covered.

One of the matters that have concerned me in recent months, which is a great pity, is the almost indifference of the Canadian public to arguments, however literate, however erudite, on matters involving the Constitution, parliamentary custom, usage or convention. I said it is a pity; perhaps I should make that stronger: it is a tragedy if it has become pedantic to make arguments that are lucid and erudite.

I have no quarrel with the right of the Senate to handle this matter in the way it is handling it, but I have some curiosity. Senator MacEachen was away last week—

Senator Roblin: He missed all the good stuff!

Senator MacDonald: I should have thought that, when this was first referred to committee, students of history would have been better served if by being able to look back and find in the report of the committee the reasons the committee thought that the actions of the government were unprecedented, irregular, illegal, or whatever. But, instead, the committee put in a red flag. It said: "Deemed to be legal." That is the amendment.

Surely this is Senate roulette. Honourable senators opposite knew the amendment was coming back and they knew that this bill was going to be referred to committee again. They knew that the committee was going to make the observations which it should have made and which it had the right to make when it was referred to committee last week. Surely honourable senators opposite had all of the information at that time. They had all of the questions ready that they wanted to ask. Can someone explain how this process is helped by this strategy?

Senator Frith: We thought you would never ask!

Hon. Douglas D. Everett: Honourable senators, I would be glad to attempt to explain to the honourable senator why the committee did what it did. Basically, what we are concerned about here is the precedent that will be established by this action, and the likelihood that it will be used time and again to erode one of the most important powers that Parliament has.

Senator MacDonald: Do you not think that I understand the issue? I understand the issue. I have accepted the inevitability—

Senator Olson: You just asked for an explanation.

Senator Everett: Perhaps I misinterpreted the honourable senator. He said that Senator MacEachen was not present last week, yet, when he described the situation, I was under the impression that he was not present last week either.

In any event, what we are dealing with here is a precedent, and the importance of that precedent.

Senator Flynn: Which one?

Senator Asselin: He understands that.

Senator Everett: He has just said that he does not. The Leader of the Government has said that we should take this matter seriously. If the government wants to take this seriously, then why not pass the amendment that was put forward? The government has said: "Let's stop playing games." In fact, it is the government that is playing games.

Senator Murray: You are asking the government to say that the government, and, by the way, the Governor General, committed an illegal act.

• (1550)

Senator Everett: On the contrary. You have stated that your actions are legal, but it goes further than legality; it goes to custom and usage and what occurs if your take this action. I can argue the legal principle, because in looking at the statute I believe that you can look at the question of urgency and say that, in a situation in which the House is dissolved and in which Parliament cannot be called back, the government can indulge in normal spending through Governor General's special warrants.

But in the situation that occurred here, as Senator MacEachen has explained, when Parliament was merely adjourned or, in the latter cases, prorogued, then that urgency escalates.

Senator Flynn: The urgency escalates? What urgency?

Senator Everett: The urgency that is described in the section of the Financial Administration Act. The Financial Administration Act clearly says that these expenditures have to be urgent. It has been interpreted to mean unforeseen and urgent.

Senator Flynn: It is not in the act.

Senator Frith: Yes, it is.

Senator Everett: In the case of an adjournment and in the case of prorogation, where Parliament can be called back, clearly the urgency escalates.

Senator Flynn: What is the difference between Parliament's not being in session, or being dissolved, and its being adjourned? Where is the difference in the act or the text?

Senator Everett: In the definition of urgency itself.

Senator Flynn: No!

Senator Everett: It goes to the very essence of Parliament, my friend, that Parliament has control over the purse; and if Parliament can be recalled it can be recalled in the case of prorogation and it can be very easily recalled in the case of adjournment. If we believe in the principle of parliamentary democracy, then where we can recall Parliament we should do so. Therefore, the argument of urgency escalates. In fact, in the 1951 or 1958 amendment—

Senator Flynn: That is not in the text.

Senator Everett: —section 30 subsection (5) does not change that test one iota. We are dealing here with a very archaic power. Senator Roblin has told me that it was used by the Imperial government in Britain to control the Governors General originally, and Senator Stewart has said that it was used by Governors and Governors General so that the spending power of Parliament or the assembly in Canada could be overridden.

But this power does not exist in the United Kingdom. It is not used, to my knowledge, in Australia or in New Zealand. In fact, I believe there is very little use of this power throughout the world. When Britain dissolves Parliament for an election, Parliament passes supply at that time, and it does not use warrants, because it does not have them there for use. If you are really concerned about what Senator Stewart is saying to us, take the matter seriously. Stop playing games!

An Hon. Senator: Right on! Right on!

Some Hon. Senators: Oh, oh!

Senator Everett: You are the people who are not taking it seriously. You are the people who are playing games!

Senator Frith: Hear, hear!

Senator Everett: If you were serious about this, you might not accept our amendment but you would surely propose an undertaking that this not form a precedent—

An Hon. Senator: Or happen again.

Senator Everett: —and you would undertake, as the government leader stated, to amend the Financial Administration Act.

Senator Grafstein: Absolutely!

Senator Everett: Why don't you propose that?

Senator Olson: Promise that you will!

Senator Grafstein: Promise that you will! You will have your chance.

Senator Everett: Why don't you give us an undertaking?

Senator Murray: Look, if the honourable senator wants me to propose that the Standing Senate Committee on Finance take under study the Financial Administration Act—

Senator Grafstein: Undertake it from the government!

Senator Murray: —and legislate from that side, I will be glad to do that right now. That is what I suggested, and that would be the appropriate way to proceed.

Senator Frith: That is his version of a firm undertaking.

Senator Grafstein: Give us an undertaking from your government.

Senator Everett: That is nothing more, honourable senators, than sophistry. If you really believe that games are being played, then you should say that this is not a precedent, and undertake to bring forth amendments to the Financial Administration Act—

An Hon. Senator: Hear, hear!

Senator Everett: —so that this will not happen again.

Senator Murray: Make us an offer!

Senator Everett: My friends, we are dealing here with the essence of parliamentary democracy. I doubt if anyone in this entire chamber would seriously interfere with the power of Parliament to control the purse.

Senator Grafstein: Absolutely not!

Senator Everett: Everyone has been taught in history class over the years to know that the control of the purse is essential to parliamentary democracy. The government has done something wrong, but instead of standing up and admitting it—saying that it will not happen again and that it is not a precedent—and getting the cooperation of this side of the house, the Leader of the Government in the Senate persists in arguing that veterans and the RCMP will not receive their cheques.

Senator Murray: Pass the bill by Thursday. Will you pass the bill by Thursday?

Senator Everett: Well, if you really care, why don't you enshrine the principle of parliamentary democracy and say that this is not a precedent and amend the Financial Administration Act?

Some Hon. Senators: Hear, hear!

[*Translation*]

Senator Flynn: Honourable senators, every time Senator Everett talks in that tone, I am astonished. I am really disappointed that he let himself get carried away—that is not putting it too strongly—as he seems to, by Senator Frith's tactic based on the argument by Senator Stewart.

I just want to respond to his main point. He tells me that the urgency is greater when Parliament is only adjourned. Is that not right? That the Government's authority to proceed by Governor General's special warrants is more acceptable, if I understood correctly, when Parliament is dissolved or when Parliament is prorogued.

[*English*]

Is that correct? Your thesis is that there should be more urgency, in the sense that you give to this word, because there is no difference in the text. There is more urgency for parliamentary approval when Parliament is merely in recess than when it is dissolved or prorogued. That answers your argument.

Senator Frith: No, that is not what he said at all.

Senator Flynn: Let him answer. Don't mix him up any more than he already is!

Senator Guay: You were all on holidays for too long.

Senator Everett: I am merely saying that if you, as a government, have the advice of the law officers that what you have done is legal, I can postulate as believable an argument, and probably win it in the courts, using the concept of the escalation of urgency; but I go further than that. I go to the constitutional usage, against which you cannot argue. Let us leave legality aside for the moment.

Senator Murray: Legality is what is in the amendment.

Senator Everett: Let us use legality in the broadest terms. That is what is meant by the amendment.

Some Hon. Senators: Oh, oh!

Senator Everett: What you are doing is deemed to be legal and constitutional, and that is what we are saying, and we are right.

Senator Flynn: You are switching!

Senator Everett: I am not switching at all!

Senator Flynn: You are switching, because—

Senator Everett: If you have time, I will make the speech all over again.

Senator Flynn: Oh, yes, I know, but this is the third time that you have made it. I am trying to understand your argument. Now you are switching. You say that the urgency of asking for special warrants escalates when Parliament is only in recess.

Senator Frith: No!

Senator Flynn: Yes, that is what he said. Now you do not want that. You do not like it.

[The Hon. the Speaker.]

Senator Frith: No, you did not like the truth, and now you are trying to change it.

Senator Flynn: Speaking of the truth, my friend—

Senator Frith: It is so clear in the statute.

Senator Flynn: My friend did not reply when I asked him about the warning that he gave us when he was Deputy Leader of the Government and wanted us to pass a supply bill, and he also said that the cheques would be withheld and no one would be paid.

Senator Frith: You show it to me.

● (1600)

Senator Flynn: I remember that. I will put it on the record, if you like.

Senator Frith: You show me a situation exactly like this in which I behaved as you are behaving. Go ahead!

Senator Flynn: I am speaking of the assurance or the warning that you gave us.

Senator Frith: Go ahead, turn up such a situation, if you can!

[*Translation*]

Senator Flynn: Honourable senators, I come back to the point I wanted to make. Senator Everett's argument overlooks the fact that the Financial Administration Act fundamentally changed the constitutional convention. The convention is now what the Financial Administration Act says it is. Do not try to dream, to pretend that it is different from what the Act says.

[*English*]

Senator Frith: That's crazy! The Constitution is there. When a law is inconsistent with the Constitution, the Constitution prevails. What else is the Constitution for? That is a joke!

Hon. Jerahmiel S. Grafstein: That is what Senator Beaudoin said. He said that the Constitution is supreme. Is the Constitution not supreme?

Senator Frith: Is the Constitution not supreme?

Senator Flynn: Give me the text of the Constitution that is contrary to that of the Financial Administration Act. Give me that! You are talking through your hat!

Senator Grafstein: Senator Flynn knows the difference between an opinion dealing with illegalities or the breach of a statute and an opinion dealing with constitutional practices and conventions. And Senator Beaudoin made a very good point about that.

Senator Flynn: You are not going to lecture me as if I were a child!

Senator Grafstein: I'm not. Nobody could lecture you!

Senator Flynn: Certainly not you, anyway!

Senator Frith: Nor could anybody stop you from acting like a child.

Senator Grafstein: Honourable senators, allow me one point. Senator Flynn sat with me in the Standing Senate Committee on Legal and Constitutional Affairs. At that time we received opinions—veiled opinions—from the government dealing with the supposed conformity of a draft statute on immigration and amendments to the Criminal Code. We received opinions saying that it was "legal and constitutional".

Subsequent to those opinions, we received opinions from three constitutional experts saying that those statutes were unconstitutional. In fact, the Senate and the House of Commons amended those statutes to conform to the Constitution.

Surely there is a similar situation here. We have received anonymous opinions from the law officers of the Crown dealing with "some point of illegality", without any explanation. Then you say that they are supreme. Well, they are not supreme. That is the point made by the Leader of the Government in the Senate, and that is not correct.

We are entitled to understand constitutional opinions and we have received strong constitutional opinions. Senator Beaudoin has made the point that the Constitution is supreme, and this act of Parliament is unconstitutional, clearly.

Senator Flynn: Oh, now we have something new. Honourable senators, we have something entirely new now: The Financial Administration Act is unconstitutional. Well, I challenge you, my friend, to challenge the constitutionality of the Financial Administration Act!

Honourable senators, this is another switch. Senators opposite don't know where to hide. One moment they hide behind the fact that the warrants were issued while Parliament was in recess and now they say that the Financial Administration Act is unconstitutional. Nobody ever dared say that before. Senator Grafstein is the first to say that.

Senator Gigantès: He did not say that!

Senator Frith: What the government did under the act is unconstitutional.

Senator Grafstein: I did not say that. What I said was—

Senator Flynn: You did not say that? Well, you don't know what you are saying! Sit down and leave me in peace, for God's sake!

Senator Grafstein: As a former law officer of the Crown, why are you not allowing us to have a reasonable and reasoned debate about the important issue of parliamentary democracy? I do not understand you. I respect you, Senator Flynn—

Senator Flynn: Well, I do not respect your opinion!

Senator Grafstein: —and I have listened to you carefully, but, when it comes to constitutional democracy, each senator has a duty to uphold the Constitution. That is what senators on this side of the house are seeking to do, as I am sure are senators on the other side.

Senator Flynn: If you tell me that you did not say that the Financial Administration Act is not constitutional, then I don't understand; there is something wrong with my hearing.

Senator Grafstein: Perhaps you should listen more carefully.

Senator Flynn: But you did say it, because I was saying that conventions can be changed by law. And the convention was changed by law and, whether you like it or not, the law is there. The Financial Administration Act is there.

Senator Grafstein: It is the interpretation of the law and the practice of law we are talking about.

Senator Flynn: You do not invoke the Constitution? Sit down and leave me in peace! You don't know what you are talking about! You are only confusing the issue. I understand that you are confused yourself, but don't try to confuse everybody else! I have never heard anything like it.

[*Translation*]

To get back to Senator Everett's argument that the situation is more serious when Parliament is adjourned—

Senator Gigantès: That's not what he said.

Senator Flynn: Not him again!

Senator Gigantès: Maybe I should explain, maybe I should interpret what he said! You don't want to understand what he said. You are just being stubborn.

Senator Flynn: Senator Gigantès, the plague from Athens! Come down from the Acropolis and listen and be quiet!

Senator Gigantès: Well, my logic is still better than yours!

Senator Flynn: At least I am not full of sound and fury!

Senator Gigantès: Well, Senator Flynn, first we have to understand what Senator Everett said.

Senator Flynn: I tried to discuss Senator Everett's argument. I think we are all aware of its weaknesses. Senator Everett said that when Parliament is just adjourned, it should be recalled and asked to pass an appropriation bill.

The reverse is true. I agree that when Parliament is simply adjourned, it is very easy for the government to call it back. For instance, under rule 14(a) of the Senate, the Speaker may recall the Senate. You should have asked the Speaker to recall the Senate to say: Well, the government has no more appropriations and we want it to ask for permission—

[*English*]

Senator Everett: At whose behest? It is the leader who asks the Speaker to call back the Senate.

Senator Flynn: You probably don't know about section 14, but you read it.

[*Translation*]

The second point is that in the House of Commons, when they adjourned in December, Mr. Turner and Mr. Broadbent and those members who are not altogether ignorant and who seem to be more knowledgeable than a lot of senators, knew perfectly well—

[*English*]

Senator Frith: It is Mr. Turner's fault; it is Mr. Broadbent's fault. You cannot take the blame for anything, can you?

Senator Flynn: Senator Frith does not like me to interrupt, but he is always interrupting.

Senator Frith: I apologize. Senator Flynn is quite right, and I am sorry.

Senator Flynn: I don't mind.

[*Translation*]

I will get back to that. Mr. Turner and Mr. Broadbent, when Parliament was adjourned, knew perfectly well that the government had tabled Supplementary Estimates in the House and that it would need money during the adjournment.

[*English*]

Senator Grafstein: They all asked that Parliament be reconvened and the government refused.

Senator Flynn: No, no, not on that ground, sir!

Senator Grafstein: Mr. Broadbent asked that Parliament be reconvened and your Prime Minister refused.

Senator Flynn: No, no, you are wrong!

Senator Grafstein: Excuse me, I apologize. Mr. Turner, our leader, asked that Parliament be reconvened and your Prime Minister said, "No, I'm sorry, I'm busy."

Senator Flynn: You are wrong. I will not use the word that is unparliamentary, but you had better sit down in your seat or I will use it!

• (1610)

I say again that neither Turner nor Broadbent asked Parliament to be reconvened to vote supply. Yesterday that charge was made in the House. They were not there. They had someone else deal with it. Milliken and Boudria were the spokesmen for the Liberal Party.

Senator Grafstein: They are members of Parliament.

Senator Flynn: Stop yapping all the time! Would someone put him in the doghouse?

It is obvious that Senator Grafstein will not understand this. Again I say that, under the rules of the House of Commons, precisely because now the Speaker is elected, if the leaders of the opposition parties had said, "We want Parliament to be recalled because we disagree with the idea of Governor General's warrants," the Speaker would have had to call Parliament back. That is why I intervened when Senator MacEachen spoke and I said, "Inept opposition."

In any event, when the supply bill was put forward, it was passed in ten minutes, with no objections. Of course, the guardian of the Constitution, Senator Stewart, woke up, as did Senator Frith. They said, "Listen, we have found something very important now, even if our point is superfluous and not serious."

Senator Frith: You do not think it is a serious issue?

Senator Flynn: No, it is not serious.

[*Translation*]

I am not joking. I don't think that's funny at all.

Hon. Joseph-Philippe Guay: Where is your sense of humour?

[Senator Flynn.]

Senator Flynn: I say this whole debate is superficial, artificial, political rhetoric and hypocrisy, and that it takes advantage of the ignorance of a number of senators and of the general public.

You can change the Act. In fact, that was suggested on another occasion. I suggested it when I spoke last week. For instance, the National Finance Committee could have suggested removing subsection 30(5). If we suggest removing this sub-section, then you will have a problem.

[*English*]

Senator Frith: Then your government will do this again and again, because it is not serious!

Senator Flynn: Let us delete subsection (5) of section 30.

Senator Frith: That is not what we are talking about.

Senator Flynn: Would you be happy with that?

Senator Frith: The witness before the committee said that that subsection would not make any difference. Therefore, to decide to withdraw that is a big gift.

Senator Flynn: In any event, that is not what Senator Everett was saying. The Secretary of the Treasury Board said that section 3 of the bill is superfluous.

Senator Frith: That is the one, yes.

Senator Roblin: That is not subsection (5). You have got it wrong, Royce, for once!

Senator Flynn: I am suggesting, if you do not like subsection (5) of section 30 of the Financial Administration Act, then let us delete it.

Senator Frith: Would you?

Senator Flynn: Personally, I have no objection.

Senator Frith: Would you bring in a private bill to repeal section 30?

Senator Flynn: I think you should be the sponsor of that bill, since you have created such a fuss.

Senator Frith: To repeal section 30?

Senator Flynn: No, section 30 is something else. Mind you, section 30 was amended by your government to make it easier for the government to get Governor General's warrants. That would not be fair to you.

Senator Frith: It is hard to believe, but even Liberals make mistakes. That section was a mistake!

Senator Flynn: They certainly do not behave in a very responsible way in the Senate on occasions such as this!

Senator Frith: That is your opinion, and your opinion is that this is not serious. Therefore, the government will do it again and again, and there is nothing wrong with it. What makes it serious is that you do not think it is serious.

Senator Flynn: But I say to you: Delete subsection (5) of section 30.

Senator Frith: Why just subsection (5)? Why not the whole section?

Senator Lefebvre: Let's get on with the subject here!

Senator Flynn: Senator Lefebvre, you should be interested in what your friend Senator Frith has to say.

Senator Denis: You are delaying payment to officers.

[*Translation*]

Senator Flynn: I well know it, Senator Denis, but you leaned so much to the government side when you were in power. You know what I mean. You took it seriously then and you absolutely wanted us to take it seriously. Then we took it seriously because we always agreed to meet the deadline you set at the time.

So what I am saying to you is that the problem here is not so much the law; if you want to change the law, I have no objection. It suits Parliament to allow the government to obtain Governor General's warrants when Parliament is adjourned.

The procedure provided for in the other place is to vote additional, especially interim, supply motions, without discussing the Estimates in detail in the House, and to refer them to various committees for item-by-item consideration as we do here with the National Finance Committee.

So when we get the bill itself in the Senate, we can pass it without difficulty. That is what should have been done here, as was done in the other place.

Anyway, I repeat, it is artificial; it is an unnecessary, trumped-up affair.

If you think you will stir up the people with it, I wish you good luck!

[*English*]

Some Hon. Senators: Question!

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator MacEachen, seconded by the Honourable Senator Argue:

> That the question, together with the Message from the House of Commons on the same subject, dated May 15, 1989, be referred to the Standing Senate Committee on National Finance for consideration and report.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

● (1620)

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore:* Please call in the senators.

● (1630)

The Hon. the Speaker: The doors of the chamber will now be locked.

Motion carried on the following division:

YEAS

THE HONOURABLE SENATORS

Argue	Kolber
Austin	Lang
Bonnell	LeBlanc (*Beauséjour*)
Buckwold	Leblanc (*Saurel*)
Cools	Lefebvre
Corbin	Lewis
Davey	MacEachen
De Bané	Marchand
Denis	McElman
Everett	Molgat
Fairbairn	Molson
Frith	Olson
Gigantès	Perrault
Grafstein	Petten
Graham	Robichaud
Guay	Stewart (*Antigonish-Guysborough*)
Haidasz	Stollery
Hays	Turner
Hébert	van Roggen—41.
Hicks	
Kenny	
Kirby	

NAYS

THE HONOURABLE SENATORS

Asselin	MacDonald (*Halifax*)
Atkins	Macquarrie
Balfour	Muir
Barootes	Murray
Bazin	Nurgitz
Beaudoin	Ottenheimer
Bolduc	Phillips
Chaput-Rolland	Poitras
Cochrane	Robertson
David	Roblin
Doody	Simard
Flynn	Spivak
Macdonald (*Cape Breton*)	Walker—26.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: Let the doors be opened.

[*English*]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Leave having been given to proceed to Notices of Motions:

Hon. Fernand E. Leblanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting today and tomorrow, and that Rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

NATIONAL FINANCE

NOTICE OF COMMITTEE MEETING

Hon. Fernand E. Leblanc: Honourable senators, I wish to immediately inform the Members of the Standing Senate Committee on National Finance that our committee will meet this afternoon at 5.30 p.m. in Room 256-S to deal with Bill C-14.

● (1650)

[*English*]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, am I correct in my understanding that there is to be an organizational meeting this afternoon at 5:30 to discuss the subject matter, possible witnesses and so on, and then tomorrow morning witnesses will be invited to appear before the committee sometime around noon or prior to that and, hopefully, if all goes well, we can expect to see a report back here tomorrow afternoon?

I ask that because I had intended asking the house for authority to sit this evening, but, obviously, that would no longer be necessary. Tomorrow morning was an alternative option I would have pursued, had the committee not been meeting tomorrow morning. There is obviously no point in pushing that further. I just wanted to make sure I was on the right track.

Senator Leblanc: Honourable senators, members of the committee will decide this afternoon what they want to do tomorrow and what witnesses they want to invite. That is the problem we shall discuss this afternoon. Therefore, I think we should sit at 5:30 and try to organize our meeting for tomorrow.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, May 16, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SEVENTH REPORT

Your Committee recommends that the Regulations for the Senators' Travel Policy, presented in the Senate on June 2, 1988 and adopted on June 7, 1988, be amended as follows:

A. That regulation No. 7 be deleted and the following substituted therefor:

7. While travelling, a Senator and an alternate may claim meals and accommodation and car rental expenses up to a maximum of three (3) days instead of two (2) days in the case of Regional trips and four (4) days instead of three (3) days in the case of National trips, up to a maximum limit of $120.00 per day upon production of receipts.

B. That the following regulations be added after regulation No. 16:

17. Without increasing the total number of points allocated, Senators may travel to destinations outside Canada upon application and approval by the Committee on Internal Economy Budgets and Administration. The application should state the dates, the destination and the purpose of the trip. The points allocated to such travel will be related to the costs of the travel and will be determined by the Internal Economy Committee.

18. A Senator, or the spouse of a Senator, may upgrade the travel arrangements provided by the Parliamentary Associations Secretariat provided that one-half a travel point is deducted for each upgrade from one class to another."

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be taken into consideration now.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with respect, I would prefer that this be held over to another sitting. It is not that I have any right to see a report earlier than anyone else, but I have not had an opportunity of seeing it or studying it, and it seems to deal with a significant rule change. Therefore, I would like to have some time to look at it.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

QUESTION PERIOD

SHIPBUILDING

BRITISH COLUMBIA—POLAR 8 ICEBREAKER PROJECT—GOVERNMENT POSITION

Hon. Raymond J. Perrault: Honourable senators, on May 10 last I asked a question regarding the construction of the Polar 8 icebreaker. It was hoped that by now the federal government would have finalized its long-promised $500-million icebreaker contract by summer and it was hoped, of course, that the icebreaker would be built in British Columbia. I must say, as a short preamble to the question, that I was very heartened by the statement of the Leader of the Government in the Senate, as he seemed to have a grasp of the importance of the project. On May 10 he said:

> —we look forward confidently to completing the contract definition phase of this project by the end of this year and moving into the construction phase early next year.

He went on to say:

> The Polar 8 icebreaker project is consistent with the important values of this government: first, Canadian Arctic sovereignty; second, scientific support; and, third, environmental protection. Those are three very good reasons—

Which, indeed, they are.

> —which accord, as I say, with the values of this government—why the Polar 8 icebreaker is a priority project with us.

Honourable senators, I have a feeling of incredible dismay when I now read a contrary statement by the former whip of the Conservative caucus here in Ottawa, Mr. Chuck Cook. He has given an interview to the *North Shore News*, a publication that covers the area where we had hoped the icebreaker was going to be built, at least in part. The interview reads as follows:

> . . . everyone from fellow North Shore Conservative MP Chuck Cook to shipyard junior representatives were far from optimistic about the future of the icebreaker contract—and the estimated 1,000 jobs it would mean in Versatile's Victoria and North Vancouver yards.
>
> Cook, MP for Versatile's North Vancouver riding, said Monday "I've always had serious doubts about whether it (Polar 8) would get built."
>
> As to the Conservative government's commitment to the Polar 8, Cook said, "They were committed to the nuclear submarine program—

And we know what happened to that.

Honourable senators, would the real expert on the Polar 8 project please stand up? Is it the member of Parliament from North Vancouver who says it probably is not going to go ahead? Is he right or is the Leader of the Government in the Senate, who gave a blood-stirring statement the other day about how this government was committed to getting this project down the ways? There are 1,000 jobs at stake here and a payroll of $120 million. Mr. Leader, we want the facts, and we don't want to be conned!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the position of the government is as I stated it on the previous occasion.

Senator Perrault: I take it then that the Leader of the Government in the Senate is going to have a very serious conversation with Mr. Chuck Cook, the member of Parliament who purportedly is a spokesman for this project in the area.

Senator Murray: Honourable senators, Senator Perrault knows better than to come in here with tattered newspaper clippings, with indirect quotations, attributing statements to members of the other place, which they may or may not have made, and then putting his own colourful interpretation on those statements.

I repeat: The position of the government is as I stated on the previous occasion.

Senator Perrault: The fact is that this is a statement made by Mr. Cook. He has never denied it. It has been widely publicized in British Columbia. For the Leader of the Government to say that I have brought in some discredited, tatty newspaper clippings is incredible. This is a newspaper which supported the Conservatives, by and large, in the last federal campaign.

• (1700)

Senator MacEachen: Definitely tattered!

Senator Perrault: This is the headline:

> Polar 8 jobs vanish in smoke-and-mirrors game

The first paragraph says:

> Broken promises and higher taxes are the Mulroney government's battle plan for fighting the deficit.

Senator MacEachen: And everything else.

Senator Perrault:

Jobs for 1,000 B.C. shipbuilders—400 on the North Shore—are the latest casualty.

It is the saddest story one can possibly imagine.

Senator Argue: The cookhouse is smoking.

POLAR 8 ICEBREAKER—REQUEST FOR GOVERNMENT COMMITMENT TO BUILD ON WEST COAST

Hon. George van Roggen: I have a supplementary question regarding the icebreaker. I grant I was not here to hear the statement of the Leader of the Government in the Senate, which has just been referred to.

Senator Phillips: Would you like it repeated?

Senator van Roggen: Well, possibly you can repeat part of it in answer to my question. With budgetary restraints and with this being a very large budgetary item, and there still being concern about saving money by redesigning the engines, I understand that some reconsideration and redesign and delay may be incurred before this project goes ahead. However, what disturbed me, recalling the terrific fight we had to get that icebreaker allotted to a west coast shipyard, after the massive contracts given to the east coast shipyards for the corvettes and other naval shipbuilding, was that the Minister of Transport indicated, in a statement I heard on television, that the matter was not only up for some redesign but that even the location of its construction—

Senator Perrault: Right!

Senator van Roggen: —was subject to review. I would ask the government for an unequivocal confirmation that, when that ship is built, perhaps after some delay for redesign, it will be built on the west coast of Canada.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, what prevents me or the government from making that statement today is the fact that there is a corporate reorganization and some ownership changes that seem to be under way involving those companies; until some of those questions are resolved, the government cannot give the kind of commitment for which the honourable senator has asked.

Senator van Roggen: I might say in answer to that that the delays of the government would, of course, cause any of the west coast shipyards, which have had no work from the government for some years, to come to a point where it might have difficulties. If you wait long enough, the company's shipyards on the west coast will indeed collapse.

Senator Perrault: Precisely!

Senator van Roggen: And then you will have the excuse that there are no shipyards out there to build anything.

Senator Murray: That is not the situation, as the honourable senator will know.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—MONITORING OF SITUATION

TANZANIA—GOVERNMENT WHEAT ENHANCEMENT PROGRAM

Hon. H.A. Olson: Honourable senators, in view of the hour, I should just like to give the Leader of the Government notice of a couple of urgent questions. The first is to ask him if he could find out whether a committee or some other organization is being put together now to monitor the drought situation on the prairies of western Canada. I ask that because I know that there has been a limited amount of rainfall in some areas. I also know that there are very large areas that have had no rainfall at all.

As honourable senators know, the drought payments for 1988, promised in November, have not been paid to date. The reason the government gives is that they do not have a formula, or an agreement on how the formula is to be put together. I have also heard that there is some question about whether it is a federal or a federal-provincial joint payment that will be made.

Therefore, I ask the Leader of the Government if he would make inquiries to see that we do not have this unconscionable delay again in at least establishing what the facts are related to the distress caused by the drought in 1989.

The other question of which I should like to give him notice has to do with a report that the federal government, through CIDA, is involved in a $75 million wheat enhancement program in Tanzania. Apparently, that program is continuing, despite a study warning that it is economically unsound and despite protests from rural people that it is stealing their land and destroying their lives.

• (1710)

It may sound a little extreme, but I know that some bureaucrats, whether they be in CIDA in Ottawa or in Tanzania, or wherever, have gone ahead with programs—and I know of one in southern Saskatchewan, as a matter of fact—in such a way that they paid no respect whatever to the people making their living by working the land. In other words, being left alone was vital to the ongoing enterprises that were there, farming, ranching and other pursuits, and yet that is what has happened to those people. Those people had used that land for hundreds of years for grazing purposes, and now this project is going in there and breaking up the sod and driving the people off the land.

It seems to me that that is sufficient evidence that the government, before it continues with this $75 million project, should find out what the people directly involved think about it. If the government is destroying the livelihood of thousands of people down there, surely, in the name of common sense, it should back off.

I thought I would give you notice today, because I will raise this matter again tomorrow.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, taking the second question first, I will inquire of

officials of the Canadian International Development Agency with a view to obtaining a report and bringing it to the Senate in the near future.

With regard to the first question, there was no unconscionable delay in setting the ground rules or obtaining the information for the program to which the honourable senator has referred. There has never been a program of that scope undertaken in this country before. The federal government, the provinces and the farmers took the necessary time to collect the information that was needed so that our assistance would be effective.

I may say that the Deputy Prime Minister and Minister of Agriculture, Mr. Mazankowski, has taken occasion, within the past few days, to consult with his counterparts from western Canada on these matters in the course of a meeting of Ministers of Agriculture from across the country, but I will refer Senator Olson's question regarding further monitoring of the drought situation to Mr. Mazankowski to see if there is some further information that can be brought to the Senate.

Senator Olson: A supplementary question. I should like to advise the Leader of the Government that I know of dozens—I was going to say hundreds, but perhaps that is a little too much. I know of scores of farmers who are vigorously protesting the criteria that have been set down to designate the three categories of drought, which are mild, moderate and severe.

This is important, because there are different levels of payments that will be made for each category. In fact, there was a different level of payment made in the initial payments. By the way, some of them are winning. They were able to get through to the bureaucrats who set these levels of payments to the point where they modified them. So, if the honourable senator thinks that this is not having some effect, and if he believes that there are no farmers who are at least aggrieved and terribly distressed by the way this has been handled, I can assure him he is mistaken. The basic problem is that they do not agree on the facts; that is, how dry is dry and how many inches or centimetres of moisture fell in the various areas. There is good reason for that. However, if the Leader of the Government wants to dismiss this and say there is nothing to it, I will be happy to report that to the farmers who have gone to these meetings and, in many cases, made their points.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Leader of the Government in the Senate. On Mother's Day, a day on which all mothers are respected and honoured, almost all of the mothers, fathers and children of P.E.I. had their heads down, marching in the rain. Almost 10 per cent of the island's total population arrived in Summerside. They are upset because the government is closing Canadian Forces Base Summerside.

I wonder if the Leader of the Government in the Senate can tell us that the government has reconsidered this matter so that these mothers can celebrate Mother's Day next year at home with their families. I ask this question on behalf of all those people who will lose their jobs and homes in the town of Summerside. The town of Summerside will become almost a ghost town, if the government does not reconsider its decision to do this terrible thing to this small town.

Has the government reconsidered its position and will it keep Canadian Forces Base Summerside open?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have nothing further to report on this matter. I attempted to reply to questions that dealt with the points raised by the honourable senator last week, I believe. There has been no change in the policy of the government with regard to this matter.

CLOSURE OF CFB SUMMERSIDE, P.E.I.—CONSEQUENCES FOR MEDICAL EMERGENCY AIR EVACUATIONS AND SEARCH-AND-RESCUE OPERATIONS

Hon. M. Lorne Bonnell: Honourable senators, if there is to be no change in the government's policy, could the Leader of the Government in the Senate tell us what is to happen to the search-and-rescue operations and medical emergency air evacuations to Halifax and Moncton? Does the leader not realize that we are on an island and have to wait two or three hours for a boat to come across, if there are no medical emergency air evacuations? Would the leader make strong recommendations to the government to make sure medical emergency air evacuations and search-and-rescue operations are maintained on this island in the gulf?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Bonnell asked the same question on May 4. That was replied to yesterday, when the Deputy Leader of the Government in the Senate presented delayed answers to oral questions. The reply is to be found on page 205 of *Hansard*.

ECONOMIC DEVELOPMENT

ATLANTIC PROVINCES—REPORTED CUTBACKS IN ACOA AND ERDA BUDGETS—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I have another question for the Leader of the Government in the Senate. The only hope we had in Atlantic Canada for regional development was through ACOA. I read in the local newspapers today that its budget has been cut back by approximately 25 per cent. I also understand that many of the ERDA agreements will be cancelled. Because of this, there are going to be many problems in Atlantic Canada respecting unemployment and development.

This is the poorest part of Canada and yet it seems to be hit hardest by this Budget. Is there any way that we in the Senate, and others, can get the government to reconsider these cutbacks in ACOA and ERDA, so that Atlantic Canada will not be so drastically hurt by the Budget of this government?

Senator Phillips: You voted against it!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is good to see that ACOA now has some friends on the other side of this chamber. They were few and far between over there when we were trying to get the legislation through—

Senator MacEachen: Oh, we supported it unanimously. You did not let us split it.

Senator Frith: We were very much in favour of it and wanted to put the minister to work.

Senator Murray: There is no question of cancelling any federal-provincial agreements whatsoever. As I said in reply to a question several weeks ago from Senator Thériault, there are agreements that expire and that are not automatically renewed. They are discussed and renegotiated between the federal government and the provincial governments in accordance with the economic development priorities of each level of government.

Senator Bonnell has a strange definition of "cutback". Regional development spending in the Atlantic provinces in 1987-88 was something in excess of $280 million, a considerable increase over what had been spent before. In 1988-89, the fiscal year which has just ended, regional development spending in the Atlantic provinces was approximately $420 million. In the fiscal year just begun, 1989-90, regional development spending in the Atlantic provinces will be in excess of $500 million. Those are enormous increases, and it is quite inaccurate to talk about cutbacks.

Senator Bonnell: Honourable senators, I do not know whom to believe. I read the minister's statement in the local newspapers today, and Mr. MacKay, the minister who represents ACOA, said that the ACOA money—over $1.4 billion—is to be spread over six to seven years, instead of five years. Consequently, that means a 25 to 30 per cent reduction in the amount of money going to the provinces through ACOA.

I do not know whether to believe what Mr. MacKay has said, who is the minister responsible, or whether to believe the Leader of the Government in the Senate, who tells me there is to be no cutback. Who is right?

Senator Murray: Honourable senators, it is correct that the $1.05 billion would be spent over a longer period of time than the five years from 1987-88 originally intended, but it is still not correct to speak of cutbacks in regional development spending.

Senator Argue: Spell it out!

● (1720)

Senator Murray: I have just placed the approximate figures on the record, and this year regional development spending will be something in excess of $500 million, and, as far ahead as I can see, it will certainly be well in excess of $400 million per year. So it is not correct to speak of a cutback.

While the amount spent this year will represent an enormous increase over previous years, it is true that ACOA will have to be very careful in making new spending commitments in the next year or so; but ACOA is doing a land-office business, if that is the term, in the Atlantic provinces. The response from the private sector has been phenomenal. The cooperation with the provincial governments, as given in their testimony, has been very effective. While regional development, like all other areas of government spending, has had to contribute something to the battle against the deficit, our commitment is still undiminished; and the investment in regional development is, as I say, very considerable in the Atlantic provinces.

Senator Doody: Hear, hear!

Senator Bonnell: I have one further question, honourable senators. I understand that any major investment will not be considered by ACOA; it might give interest buy-downs, but no grants, as is the case for small investors. To me, $1.05 billion over seven years rather than five years is a cutback. It is certainly going to be less money. In the case of anyone who has a major investment and wants to expand to give us something worthwhile, I understand that ACOA is not going to consider those applications if they are over $2 million.

Senator Murray: Honouable senators, that is not true. You are talking about eligible costs in excess of $2 million. There will be less in the amount of assistance available. These applications account for a very small proportion of the total number of applications, although they take up a lot of money. Most of the applications to ACOA are for projects with eligible costs of $200,000 and below; and ACOA will continue to offer a whole range of assistance for those applications. For those projects between $200,000 and $2 million, ACOA will offer interest rate buy-downs and loan insurance, which are very popular and effective instruments.

I do not think you will see a significant decrease in interest on the part of the private sector. There are other parts of the country that would very much like to have the range of programs and program assistance available under ACOA in the Atlantic provinces.

HEALTH AND WELFARE

THALIDOMIDE VICTIMS AND AIDS-AFFLICTED HEMOPHILIACS—GOVERNMENT POSITION

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate whether he would inform this chamber of the present stance of the federal government with regard to the requests for federal compensation from two categories of very unfortunate Canadians. There are the thalidomide victims; and there are also the hemophiliacs who have contracted AIDS because of tainted blood products received during treatment.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask Mr. Beatty, the Minister of National Health and Welfare, for a report on both matters.

THE ENVIRONMENT

STORAGE OF PCBs—EXEMPTION OF CERTAIN PROVINCES FROM INTERIM ORDERS—INSPECTION OF SITES

Hon. Colin Kenny: Honourable senators, I have a question on the environment for the Leader of the Government in the Senate. Almost eight months after the Minister of the Environment issued interim orders governing the storage of PCBs the federal government has released a list of provinces exempted from those orders. The list includes all of the provinces, with the exception of Prince Edward Island, despite the fact that New Brunswick and Newfoundland have no specific legislation or regulations dealing with the storage of PCBs and that British Columbia has storage regulations, but no enforcement provisions. Can the Leader of the Government explain why these provinces were exempted, despite their lack of regulations?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am sorry. I am unaware of the facts as stated by the honourable senator. I will ask Mr. Lucien Bouchard for a report.

Senator Kenny: Thank you.

Perhaps you could raise another issue with the minister at the same time. Two weeks before the announcement of the interim order Senator Doody tabled the Canadian Council of Resource and Environment Ministers' National Inventory of PCB Storage Sites, which lists 2,300 federal and provincial sites containing a total of 4.1 million litres of hazardous waste. Could the Leader of the Government in the Senate determine if all of these sites have since—that is, during the last eight months—been inspected to see whether they comply with the interim orders? If not, when will an inspection take place?

Senator Murray: I shall make inquiries, honourable senator.

DELAYED ANSWER TO ORAL QUESTION

THE ENVIRONMENT

USE OF NUCLEAR REACTORS IN SPACE—GOVERNMENT ACTION AND POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have the delayed answer to a question raised by Senator Grafstein on April 4 regarding the Environment—Use of Nuclear Reactors in Space—Government Action and Policy.

(*The answer follows:*)

Canada has played an active role in the international community in dealing with the use of nuclear power sources in space since the COSMOS 694 satellite crashed into northern Canada in 1978.

The United Nations is developing principles to guide the use of all forms of nuclear power in space, including nuclear reactors. These discussions have taken place in the UN Committee on Peaceful Uses of Outer Space and both its Scientific and Technical Sub-Committee and Legal Sub-Committee. Canada has played a leading role in these negotiations.

To date, an international consensus has been reached on principles relevant to the use of nuclear reactors in outer space proposed by Canada concerning:

- Applicability of International Law
- Notification of Re-entry
- Consultations
- Assistance to States
- Settlement of Disputes

The major focus of negotiations at present is the principle dealing with guidelines and criteria for safe use of nuclear power sources.

The Canadian government continues to attach priority to dealing with the potential problems posed by the use of reactors and other nuclear power sources in space. The negotiations in the United Nations, which involve those countries that develop and use nuclear power sources, as well as those that could be affected by any accident, are the best way to find a solution.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Graham*). (*7th day of resuming debate*)

Hon. B. Alasdair Graham: Honourable senators, I apologize for presuming on your time at this late hour.

Senator Phillips: That was an excellent speech; shut it off there!

Senator Graham: I want to thank all honourable senators who warmed up the chamber in the earlier debate on Bill C-14. I thought the curtain raiser and the preliminaries were quite appropriate for what I have to say.

I want to begin by congratulating all honourable senators who participated in this debate. Particular mention should be made of the mover and seconder, Senators Ottenheimer and Bolduc. As well, I want to congratulate Your Honour for your appointment as Speaker. The Speaker *pro tempore*, Senator Molgat, also deserves special mention, and we are in debt to Senator Asselin, who served in that capacity during the last Parliament.

Two eminent officers of this chamber have departed. We are grateful to former Clerk Charles Lussier and the Gentleman Usher of the Black Rod, René Jalbert, for their many kindnesses and courtesies. At the same time we congratulate and welcome the new Clerk, Gordon Barnhart, and the new Gen-

tleman Usher of the Black Rod, Lieutenant-General René Gutknecht. We are confident that they will find their time in this place challenging, rewarding and interesting.

• (1730)

Honourable senators may not be surprised to learn that I find little comfort in the throne speech. Indeed, coming from Atlantic Canada, especially from Cape Breton, I find it disturbing in its lack of clarity and commitment to the disadvantaged regions of this country.

On August 2, 1984, the then Conservative leader Brian Mulroney promised, in Halifax, that:

> The Progressive Conservative Party will ensure, through effective regional development policies, that young people in Atlantic Canada are able to advance and prosper in stable and rewarding careers while remaining in their home provinces.

In September 1986 the then Transport Minister John Crosbie stated, in Moncton, that Atlantic Canada "isn't 'have not' if you compare it to Bangladesh." Unfortunately, that sad statement appears at times to be illustrative of the manner in which Atlantic Canada is perceived by the present federal government.

The list of economic setbacks is, to say the least, startling. One has only to read the headlines about cutbacks—indeed, they are cutbacks—at ACOA, and threatened closures and cutbacks at armed forces bases, fish plants, VIA Rail, CN Rail, Marine Atlantic, DEVCO—specifically, at the moment, the future of Lingan Mine—SYSCO, the CBC, Air Canada, Canadian Airlines and drastic changes to the unemployment insurance program to understand why so many people are experiencing so much anxiety and fear for their futures.

Honourable senators, let me acknowledge at the outset that, however isolated, there are individual success stories. But the litany of economic tragedies, combined with the latest unemployment rate of 24 per cent on the island of Cape Breton, engenders frustration and, in some cases, a feeling of helplessness; a feeling of malaise in the community at large seems to have developed. People wonder what bad news the next announcement will bring.

When the present government took office in 1984, the unemployment rate in Cape Breton was unacceptably high at 21 per cent. Today, more than four years later, that rate has climbed to an alarming 24.2 per cent.

Atlantic Canada is a region as distinct as any in Canada. Many of the smaller communities, though economically hard hit, have endured for hundreds of years. Our people have a history of making the most of what they have. Most of our people have stayed at home, not because they lacked the ability to recognize and capitalize on opportunities elsewhere, but because their ties to the communities that dot Atlantic Canada were strong and they always lived in hope of a better tomorrow.

But what of the Prime Minister's promise that Atlantic Canadians would no longer have to "go down the road" in search of opportunity and a better life for themselves and their families? A quick comparison of the most recent unemployment rates of April 1989 with those of late 1984 indicate that, despite several years of economic growth on a national basis, unemployment rates are painfully high and, indeed, in some cases, have been exacerbated over the past four years.

On Cape Breton Island we have piled layer upon layer of bureaucracy, and what are the results? A three-percentage-point rise in unemployment over a four-year period hardly constitutes a "Massachusetts miracle."

Clearly, initiatives which broaden the base of new opportunities are urgently required. The continuing problems of underdevelopment and slow growth are deep rooted. But the failure of government policy, highlighted by an unemployment rate of 24.2 per cent, cannot be attributed to historical causes alone. The present trend with respect to closures, shutdowns and opportunities denied can only lead to human tragedy.

The total federal government budget was allocated on the basis of ten expenditure envelopes. The economic and regional development envelope includes the majority of expenditures that can be thought of as providing broad or general economic support. The budget for this envelope has fallen 10.1 per cent between 1984-85 and the past fiscal year, 1988-89. In absolute terms, the annual budget has been slashed from $14.9 billion to $13.4 billion. As a percentage of the federal budget, this envelope has fallen from 13.6 per cent to 10.3 per cent in the last four and a half years.

• (1740)

Clearly, the cuts have affected not just regional development programs but also those initiatives that are vital for combining social and economic development investment in a coordinated approach: to build upon our traditional industries; to promote skills training and fund job creation.

When addressing the Saint John Board of Trade on October 13 of last year, the Prime Minister said:

> The federal government has a responsibility for regional development in the interests of national unity and as well, in the interests of fairness . . . we will not have two Canadas in the economic sense any more than in the constitutional sense. We will not have one Canada that is prospering at the centre, while other regions do not receive a fair share of economic opportunity.

Those were very eloquent words, spoken, I am sure, in an eloquent way. I agree with those words. Any fair-minded Canadian would agree with those words. But like so many others, when put to the test for performance delivered, they fail miserably.

Speaking last November at Perspective 2000, a conference sponsored by the Economic Council of Canada, Lars Osberg, an economics professor at Dalhousie University, said:

> Over the 1980s, access to employment has become more unequally distributed in Canada. The incidence of long duration unemployment has increased and has spread west from Atlantic Canada to become a feature of the labour markets of northern Ontario/Quebec, the Prairies and British Columbia.

Professor Osberg says flatly that, "Since recovery has been centred in southern Ontario, regional disparities in unemployment have increased considerably."

The conclusion that these program and expenditure cuts have contributed to a concentration of economic activity, jobs and investment in central Canada is inescapable.

Let me make some comparisons. The most startling increases in relative unemployment are seen in Newfoundland and Labrador, where unemployment was 81 per cent higher than the national average in 1984, but soared to a level 110 per cent higher at the end of 1988; Prince Edward Island, where unemployment increased from 13 per cent to 67 per cent more than the national average between 1984 and 1988; and Nova Scotia, where unemployment increased from 16 per cent to 31 per cent more than the national average between 1984 and 1988.

Professor Osberg has termed the phenomenon of depressed local labour markets and increasing reliance on unemployment insurance the "Atlantic Syndrome", and he believes that this reality has become a general characteristic of much of Canada's resource regions.

Almost two years ago the establishment of the Atlantic Canada Opportunities Agency was trumpeted as a shining example of the government's commitment to regional development in Atlantic Canada. Speaking in Saint John during the last election campaign, Prime Minister Mulroney said:

> I worked hard at making ACOA happen because I truly believed it could have far-reaching effects across this region. The results are already interesting.

I would certainly agree with that last statement!

On February 15, 1988, ACOA introduced its new Action Program to replace both the Industrial and Regional Development Program, commonly known as, IRDP, which lapsed at the end of June last, and the Atlantic Enterprise Program, which has been in existence since 1985.

When the Prime Minister announced the establishment of ACOA in St. John's in June of 1987, he talked of "a new mission and opportunity." Some skeptics might say it was really a political mission of political opportunism, and there is some clear evidence to support the skeptics.

Here is what reporter Rick Grant had to say on this subject on the ATV evening news out of Halifax on March 3 of this year:

> It comes as no surprise that governments use taxpayers' money to sway voters at election time. What may be a shocker is how much is used. This week ATV sifted through mounds of documents to look at one agency created to help Atlantic business, ACOA.
>
> We have learned that one-fifth of ACOA's five-year $1 billion budget was spent or committed in 81 days last fall.
>
> During the election and in the month before it was called, ACOA was spending $100,000 an hour around the clock for 81 days. If the spending spree of $200 million every 81 days had continued, ACOA would have been broke in less than 14 days.
>
> In the last three days of the election that ACOA made commitments in New Brunswick, it promised $24 million or $335,000 an hour non-stop for 72 hours and made an announcement every 23 minutes.
>
> During that period in former ACOA Minister Gerald Merrithew's Saint John, New Brunswick riding, the Irving pulp mill received $4.5 million to make toilet paper.
>
> Fredericton Tories helped swamp Liberal Brad Woodside with a two and one-half month cascade of cash totalling $33 million. With an $80 million windfall over the 81 days, New Brunswick fared best, Newfoundland was next, followed by Nova Scotia and Prince Edward Island. The $8 million spent in Dartmouth didn't save Conservative Mike Forrestall from defeat, and the $1.3 million spent in Halifax wasn't enough for former Cabinet Minister Stuart McInnes to fend off Liberal Mary Clancy.

I am still reading from Mr. Grant's statement that evening.

According to Mr. Grant:

> In the first five weeks of this year ACOA contributions to New Brunswick and Newfoundland total $550,000, that's $100,000 a week compared to $100,000 an hour during the election.
>
> September spending, 30 days prior to the election call amounted to $78 million. Spending during the election, as I mentioned, was $123 million, for a total of $201 million.

I am not suggesting, honourable senators, for one minute that the regional development programs of the government ought to shut down completely during an election campaign, but I am reminded of the story about the old gentleman who said that it's one thing to scratch your back a little, but it's quite another to tear it all asunder. In this respect, the pyramid of promises and the monumental manipulation of taxpayers' money was unprecedented and beyond comparison.

I return to the Prime Minister's words of October 13, 1988. He said:

> The federal government has a responsibility for regional development in the interests of national unity and as well in the interests of fairness.

In the context of what has transpired since this government's re-election, it might be timely to ask the Prime Minister to revisit his lofty eloquence.

The restoration and enhancement of VIA Rail services in the maritimes was a major promise of the Conservative Party in 1984. "Use it or lose it", the Prime Minister, the Deputy Prime Minister and others admonished Canadians. And use it they have. Ridership in the maritimes was up 9 per cent in 1988 over 1987. Revenues in the region were up 12 per cent in the same period. This upward trend continued in the first two months of 1989. In January and February of this year revenue was up 21 per cent and 17.5 per cent respectively, in comparison with the same two months of 1988.

Those who have travelled to Atlantic Canada recognize the unlimited potential of the tourism industry throughout the region. Whether one travels the coastlines, strolls the beaches, sails the lakes, fishes the streams, or climbs the green hills throughout Atlantic Canada, attractions and warm-hearted hospitality await the tourist at every turn. Even members of the government would accept that statement.

VIA Rail has become increasingly crucial to the future growth of the tourism industry in the maritimes. In this respect, tour sales in the region were up 38 per cent in 1988 over 1987. The high-growth sector within the tourism sector is that of specialized package tours. However, the industry's growth potential is hindered by several factors, including transportation difficulties. We cannot, on the one hand, encourage the development of tourist facilities and attractions while cutting out the transportation infrastructure which carries visitors throughout the region. VIA Rail is an essential service in maritime Canada. One can only conclude that the current attacks on VIA are part of an overall attack on rail service in Atlantic Canada.

We have seen how the government has treated these concerns. The Budget calls for a $100 million cut in VIA's combined operating and capital subsidies in the current year. An additional $400 million will be cut over the next four years. How, one may ask, is VIA going to deal with these cuts? Simply put: by route abandonment, service reductions and fare increases.

The budget papers even hold out the possibility of closure of the rail system and the sale of substantial parts of the system. If parts of the system are sold, what happens to those sections of the system that are unattractive to the private sector? The government has already announced that nine lines in remote areas must be maintained; not one of these is in Atlantic Canada. So what lines will be cut? The Halifax to Yarmouth rail liner; or one of the trans-continentals, the Ocean or the Atlantic? What does the future hold for the main rail line between Truro and Sydney? Route abandonment would have serious consequences for the maritimes. Fifty million dollars is injected through this source into the economy in the Atlantic region each year, with $30 million of this spent in Nova Scotia. Approximately 700 people throughout the region now depend on VIA for employment, with about 370 jobs in Nova Scotia.

The Newfoundland railroad is gone, in return for $830 million in compensation for highway construction and maintenance in that province. I am not arguing that the railway is preferable to an improved highway system. What I am saying is that road upgrading is needed now, not in 10 or 15 years. Concern about this funding is more immediate than ever. Several weeks ago the Minister of Finance stated that, because of the deficit, the government may not honour all its pre-election spending commitments, which includes the $830 million in compensation for the loss of the Newfoundland railway. As well, the demise of the Newfoundland railway has grave implications for Cape Breton.

[Senator Graham.]

Canadian National has reported, in this regard, that about half of the current rail traffic to Sydney was destined for Newfoundland. A recent report prepared by the University of New Brunswick transportation group for Transport Canada speculates that in the future Canadian National's primary railhead for container traffic bound for Newfoundland could be Halifax, not Sydney. This report states:

> If this traffic is redirected to the Halifax railhead and then by ship to St. John's it will mean a considerable loss of traffic on the branch line from Truro to Sydney. In turn, this loss may result in an application for abandonment of all or part of the rail line from Truro to Sydney. The potential loss in rail service to Sydney has obvious implications for DEVCO and other rail users such as the Trenton Car Works.

Honourable senators, the prospects for the smaller centres of Atlantic Canada are particularly grim, if transporation links are not maintained. The rationalization of transportation services has already begun in terms of interregional jet service and the quality of air service to smaller communities. Other senators have already spoken on that particular issue. Given the fragile economy of Atlantic Canada, the linkage between transportation and regional economic development must be a critical point of concern for all levels of government.

● (1750)

The rationalization of transportation has spread from the private sector to those traditional areas of federal responsibility. I am referring specifically to the elimination in the Budget of the AT and East Grain and Flour Subsidy Program—a program which allows Canada's east coast ports to compete with their American counterparts in the export of grain and flour. I am concerned that this measure may be the harbinger of decisions to come. As the budget paper states on page 15, "The subsidy has the effect of diverting traffic away from the Seaway in favour of subsidized rail movements, and is inconsistent with the government's market-oriented transportation policy." I should acknowledge here that transportation subsidies under the Atlantic Region Freight Assistance Act and the Maritimes Freight Rates Act, worth $95.8 million this year, were not touched in the Budget. However, by the present government's criteria and the trends, these programs clearly clash with a market-oriented transportation policy. In view of this perspective and being cognizant of upcoming trade subsidy negotiations, I am fearful as to the continuance of these programs.

In a recent submission to the National Transportation Agency the Atlantic Provinces Transportation Commission recommended:

> Where rail line abandonments in a given province cause or have caused a shift of a significant volume of traffic to public highways, the federal government should assume responsibility for increased funding for construction and ongoing maintenance of highways in such provinces.

A positive response to this recommendation is required throughout the region. Anyone who has travelled the region

will recognize the urgency of the situation, particularly in the province of New Brunswick. In fact, the Prime Minister acknowledged a few years ago that "anyone with a brain" recognized the urgency of the situation in that province. The transport minister conceded in March of this year that New Brunswick has "the worst roads in the country." I apologize to my honourable friends from New Brunswick, but that is a statement made by the Minister of Transport. The Minister of Transport went on to add, "If I give $1.6 billion to New Brunswick, what will I have to give Ontario?" That, to me, is a very strange way to talk about regional development. It again casts in doubt the government's overall sincerity in its approach to regional development.

Honourable senators, one of the major concerns of those who fought the implementation of the Free Trade Agreement was the potential impact on federal latitude in pursuit of regional economic initiatives and development policy. Serious reservations were also voiced about the lack of definition of "subsidy" in the trade deal and the inherent danger of allowing the Americans to dictate such policy. These fears were realized in the middle of the election campaign, when Bethlehem Steel launched a trade action against the Sydney Steel Corporation. As you know, SYSCO has benefited immensely from the efforts of both the federal and provincial governments, regardless of political persuasion. The U.S. Commerce Department slapped a 103.5 per cent tentative duty on SYSCO steel rail exports to the United States. I would remind honourable senators of what the Prime Minister said in Cambridge, Ontario, on October 25 of last year. He said:

> I have said before, and I say again, nothing in the Free Trade Agreement, I repeat, nothing . . . compromises our capacity to promote regional development.

In the other place, on December 14, 1988, the Prime Minister reiterated with respect to regional development, "It has been totally protected . . . as an instrument of economic growth in Canada."

The Prime Minister's assurances notwithstanding, a thorough reading of the agreement reveals that the only regional development incentives specifically exempted are those relating to energy resources and defence procurement.

Honourable senators, that was then; this is now. Indeed, the SYSCO case may represent just the first of many such actions. It would appear, in fact, that the government is already altering the criteria for regional development assistance. Last fall Mr. Bruce Rawson, the senior federal regional development official in western Canada, stated that major projects were already being screened as to any—and these are his words—"adverse trade consequences." Some would ask: Is the government beginning to capitulate before the five to seven year negotiating period is even under way?

In reviewing the 1989-90 Estimates for ACOA one comes across a curious line—curious in view of the government's assurances about regional development policy in a free trade environment. The Estimates state that the mandate of ACOA will include "advocacy efforts" related to the "negotiation of the subsidy regime under the free trade arrangement." Now the ACOA minister, the Honourable Elmer MacKay, disavows any link between regional development policy and free trade. However, a member of the minister's staff said in a *Chronicle Herald* story of May 2, 1989, that ACOA may be asked to justify some programs, including assistance to fish plants and the Atlantic Region Freight Assistance Program. I suspect that ACOA may be forced to justify almost everything it does. It may be that free trade is the reason why ERDA subagreements have not been renewed in the four Atlantic provinces and across Canada; and it may be that the Free Trade Agreement is the reason why the subagreements budget administered by ACOA has been cut from $83.8 million last year to $35.2 million this year.

We all remember the famous temper tantrums of Canada's chief negotiator, Simon Reisman. For months he denied, repeatedly and heatedly, that regional subsidies were on the negotiating table. Finally, on the weekend of November 12 in British Columbia, he caved in. As quoted in the *Financial Post* of November 16, 1988, Mr. Reisman said:

• (1800)

> On regional development I will say to you quite candidly that we failed to reach an agreement with the Americans on a definition of subsidies. It's a complex and difficult issue, and quite frankly, we ran out of time.

What an admission!

In no case are the detrimental impacts of the convergence of the government's free market-free trade mentality with an indiscriminate deficit reduction policy any clearer than with respect to renewal of recently expired ERDAs—Economic and Regional Development Agreements—with the provinces. In the Speech from the Throne on April 3 last the regional development priorities were summarized as follows:

> Decentralized decision making, through the regional agencies in western Canada, northern Ontario and Atlantic Canada, has been instrumental in stimulating both entrepreneurial endeavour and business investment. Funding for regional development in Quebec and for these agencies will be continued, and government procurement policies will become increasingly responsive to regional considerations.

On March 31, 1989, ERDAs in eight provinces—British Columbia and Quebec excluded—worth a total of $1.572 billion, of which the federal share was $937.66 million, expired. Yet the Speech from the Throne contained not one reference to them. This lack of reference is perhaps not all that surprising, as the government would have been forced to state again that negotiations were frozen until after the Budget had been delivered. In addition, the Minister of Industry, Science and Technology, the Honourable Harvie Andre, refused to state categorically that the current cost-sharing agreement would not be altered to the detriment of the provinces.

The expired ERDA subagreements represent a critical aspect of federal assistance for regional development in Atlantic Canada and provide much-needed funding throughout the

region. In total, the federal-provincial spending under these expired subagreements is worth $106.7 million in Newfoundland, $117.9 million in Prince Edward Island, $303.2 million in New Brunswick, and $193.5 million in Nova Scotia. The specific subagreements affected in Nova Scotia are planning, tourism, fisheries, mineral development, and the Strait of Canso Development Agreement.

How important are these agreements to Atlantic Canada? Premier Frank McKenna expressed the fear that, should the ERDAs not be renewed, "The consequences would be extremely grave in our province and all other Canadian provinces." Premier Buchanan of Nova Scotia said, "The economies of the Maritime provinces are very, very dependent on those agreements." Indeed, the level of concern is so great that Premier McKenna stated that New Brunswick, one of the poorest provinces in this country, would pay the federal share for the first year of any renewed agreements.

Honourable senators, the concerns of the Atlantic premiers were well-founded.

Senator Phillips: Six o'clock!

The Hon. the Speaker *pro tempore:* Honourable senators, it is now six o'clock.

Senator Doody: Perhaps senators would agree that we not see the clock and the honourable gentleman can conclude his remarks.

Senator Phillips: Do we have some agreement on finishing?

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators, that I shall not see the clock?

Hon. Senators: Agreed.

Senator Doody: Senator Graham is making gestures and I am not sure if it is a message of disdain or not.

Senator Graham: I thank honourable senators for not seeing the clock.

Senator Frith: One way or another, it is digital.

Senator Graham: As mentioned earlier today in this chamber, last night the minister responsible for ACOA announced before the House of Commons Standing Committee on Industry, Science and Technology, Regional Development and Northern Affairs that ACOA and ERDA funding was to be "modified." ACOA's $1.05 billion in new funding will now be spent over a six- to seven-year period, rather than the five-year commitment that the government has made over the past few years. Rather than $200 million a year, the new plan will see expenditures of about $150 million a year.

The minister responsible for ACOA also admitted that the government will reduce the amount of funding for ERDAs, or, as the government now terms them, cooperation agreements spending under ACOA, by $80 million a year. The Prime Minister's promise of "new money" is in tatters. IRDP is gone; ACOA's $1.05 billion will not be spent over five years; and now the ERDAs are being gutted.

The government's vision of a fairer Canada in the Speech from the Throne did not include leadership and resolve to address the chaos in the fishing industry. Using the 1984 budget as a benchmark, the government has cumulatively cut more than $350 million from the Department of Fisheries and Oceans in the past four years. The government has failed to address the severe problems faced by small-boat fishermen or to balance the needs of the fishermen with the demands of the larger companies with respect to quota allocations. As a result, we have announcements of closures and shutdowns, which will have serious direct adverse consequences for several small communities in Nova Scotia as well as for other areas of the Altantic provinces.

The latest blow to the Atlantic fishery comes with the news that east coast cod catches must be cut drastically. Canadian press reported today that a secret federal report has concluded that catch reductions are likely to be so severe that thousands of jobs will be affected in fish plants and on trawlers in Nova Scotia and Newfoundland.

Honourable senators, national growth under this government has been extremely unbalanced. Government policies have raised the spectre of two Canadas—a prosperous centre and marginalized regions.

We seem to have lost control over the many forces that shape our destiny. No matter what traditions or values we hold dear, they, too often, are sacrificed in the interest of our gross national product, or whatever yardstick is used to measure our relative prosperity.

We are not faced so much with the problem of production as with the problem of fair distribution. We seem to be able to create wealth in certain sections and sectors of our country, but we continue to have with us the problem of the very large minority of the poor.

I think again of Canadian citizens, no matter where they live in our country, who are lonely and afraid, who have no voice, who fear for their future and who do not know whom to believe any more. These people understand better than anyone else that dignity comes from having adequate human existence.

Honourable senators, there is nothing we could do today that would be of greater service and encouragement to those Canadians who face the future with uncertainty than to restore some measure of hope. At this point in time it will require a willingness and an unwavering commitment to share, and to share on a scale that is massive and unprecedented.

I thank honourable senators for their patience and their kind attention.

Some Hon. Senators: Hear, hear!

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 17, 1989

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

Prayers.

QUESTION PERIOD

DELAYED ANSWER TO ORAL QUESTION

VIA RAIL

REDUCTION IN BUDGET—PROSPECTIVE EMPLOYEE CUTS—EMPLOYEE SENIORITY AND PENSION RIGHTS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on May 4 last by the Honourable Charles Turner regarding VIA Rail—Reduction in Budget—Prospective Employee Cuts—Employee Seniority and Pension Rights.

(*The answer follows:*)

As announced on May 3, VIA has been asked to prepare and submit by June 30, 1989, a new business plan that respects its new budget. This new budget which decreases gradually from $541 million in 1989/90 to $250 million in 1993/94 reflects the government's commitment to expenditure reduction and restraint.

Options which the government expects the Corporation to consider in developing its plan include productivity improvements, fare increases, the take-over of services by other interested parties, service reductions, and route abandonments. The one restriction that has been placed on such options is that rail passenger services to truly isolated communities along remote routes will be maintained.

The employment impact of any of the options VIA assesses cannot be determined until the Corporation has submitted its business plan. It would therefore be premature, and indeed irresponsible, to comment at this time.

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)—SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaudoin, seconded by the Honourable Senator Asselin, P.C., for the second reading of the Bill C-7, An Act to amend the Criminal code (pari-mutuel betting).—(*Honourable Senator Stanbury*).

Hon. Richard J. Stanbury: Honourable senators, we are now going to deal with the highest priority of the Conservative government in the agricultural sector—pari-mutuel betting.

Senator Perrault: That is their number one priority.

Senator Murray: Spoken like a loser at the track.

Senator Stanbury: You will be pleased to know that the second priority, the next item to reach us on the government's agricultural legislative agenda, is related to seed breeders' rights.

Most farmers would be appalled to be told that those are the top agricultural priorities at this time in this country, especially those of a government that is simultaneously bringing down a budget that cuts the very heart out of our traditional farm-support systems. However, Bill C-7 is the government bill we now have before us.

Senator Beaudoin has given us a very clear and detailed explanation of Bill C-7, an act to amend the Criminal Code to permit the operation of teletheatres by race track owners. He has performed very well the task of setting out the background of the legislation and the rationale which has been given by important elements of the racing industry for its passage.

As the honourable senator has stated, racing is a very important industry in Canada. It employs a great many people, and it is properly claimed that this legislation will assist the industry to expand its economic base and thus allow it to employ a great many more Canadians.

All parties in the other place voted in favour of the legislation. A cursory examination of the debate in that House would provide very little reason for honourable senators to interfere with the expeditious passage of this bill through the legislative process.

However, a closer examination of that debate reveals that almost every speaker on the subject of the legislation had a particular local interest to support. The committee hearings were brief, on short notice, and with few witnesses. It may well be said that this is exactly the kind of legislation which requires the attention of the Senate to ensure that it serves the best interests of the Canadian people as a whole and is so drafted as to protect the smaller and less powerful elements in a large and complex industry.

I am not a bettor, and it is hard for me to accept the suggestion that any legislation which extends the opportunities for betting is in the general interest of Canadian society. However, I appreciate that that is a tenet of my personal philosophy and that I am not likely to find a majority of either

house of the Canadian Parliament to support that point of view.

In any event, betting on horse races is such an ancient recreational activity and so steeped in tradition that it would take someone of greater courage than me to propose that we interrupt that history and break that tradition. It is somewhat ironic that this ancient form of betting needs the help that we are asked to give it so that it can beat off the attack of lotteries, which one might well describe as the children that horse track betting has spawned. The evidence of the suffering of the horse tracks is somewhat weak, in view of an Agriculture Canada press release which reported, under the heading "Pari-mutuel betting up in 1988", as follows:

> Betting at Canadian racetracks in 1988 increased for the third consecutive year. According to figures released today by Agriculture Minister Don Mazankowski, a record $1.82 billion was bet at 107 tracks across the country, an increase of 6.2 per cent over 1987.

That is the third consecutive year of increases.

Well, indeed, horse racing is now a major industry and employs a lot of people. Senator Beaudoin tells us that it is in danger because of the onslaught of the lotteries, and therefore it is necessary to ask the legislature to allow it to take advantage of modern technology to reach more people and to extend its impact on society.

Whether that is in the public interest is another question. The United Church and others have indicated that they do not believe that it is. They will have an opportunity to express their concerns to the committee if and when this bill goes to committee.

Whether the interests of all elements of this industry have been addressed is a further question. The Ontario Harness Horsemen's Association worries about the protection of its members in such a massive reorganization and expansion of the industry. It wants its members' protection inscribed in the legislation itself, rather than just in the regulations. Horsemen have the largest financial investment in racing, whereas the owners of the race tracks will be the largest beneficiaries of this extended off-track betting. The race track owners will receive not only their commissions from the bets but also major revenues from the sale of food, alcoholic beverages, programs, admissions and other concessions at the theatres—and those receipts will not be divided with the horsemen.

While the competition of lotteries has been mentioned, no one has mentioned the fact that already some race tracks in Canada are themselves selling lottery tickets and operating casinos on race nights, thus reducing the leisure dollars available for betting on races and lessening the purse revenue which benefits the horsemen.

There is serious question as to whether regional fairs and exhibitions have been protected in respect of their racing programs. The protection in this bill is limited to a 30-kilometre, or 18-mile, radius around the fair. Of what use is that to a regional fair or exhibition, which draws its patrons from 100 miles or more?

There are some small race track owners who fear that their business will disappear, unless the implementation and administration of this bill is extremely sensitive. Their only salvation will be if they are able to make arrangements with other tracks and raise their share of the over $2 million necessary to create a joint operation for each theatre.

The provinces are concerned about the invasion of their jurisdiction by the federal government and about the fact that this bill extends the monopoly in the hands of the present race track associations through exclusive ownership of teletheatres. The number of race tracks is already strictly controlled by the federal government, so that competition is already substantially limited. Whatever happened to this government's faith in free and open market forces?

It may well be that our committee will find that none of these concerns is justified and that all of them have been taken into consideration. However, there is certainly work for the committee to do before honourable senators give their approval to Bill C-7. Witnesses have already complained that they were given no time to make representations to the committee in the other place.

Honourable senators, I hope that this bill will be referred to the Standing Senate Committee on Agriculture or the Standing Senate Committee on Legal and Constitutional Affairs for study and to hear witnesses.

Hon. Daniel A. Lang: Honourable senators, I must rise at this time. I had no intention whatsoever of speaking on this bill. Imagine my shock at finding my good friend of many years, Senator Stanbury, endorsing it; a man whose probity, integrity and character have been and still are far beyond reproach. However, here he is putting before us a proposition that is very much like saying that prostitution needs protection because of the expanding fear of AIDS.

Can honourable senators tell me why on God's earth we are today expanding the opportunity for off-track betting, which, in my opinion, in terms of social degeneration, is as bad as or worse than the use of narcotics?

Honourable senators, I do not intend to elaborate on this matter. I know I am trespassing on an area of public mores, a subject on which everyone has a different opinion. However, what prompted me to rise today was the sight of an old friend of mine, whose whole instincts must be completely against such a concept, getting up this afternoon and agreeing to accept and endorse this legislation.

Hon. Henry D. Hicks: Honourable senators, I wish to agree entirely with Senator Lang. I am opposed to any extension of this kind of betting, and to lotteries and so on. I think it is particularly immoral when governments get into the business of trying to raise revenue from lotteries and betting. I have spoken previously on this subject in the Senate and I extend my remarks to this legislation. Also, honourable senators, when we come to vote on this bill, I shall vote against it.

Hon. Colin Kenny: Honourable senators, I rise to ask a question. Just before this bill came before us, I received tickets

or what would appear to be season's passes to several tracks in Ontario.

Some Hon. Senators: Shame, shame!

Senator Kenny: Yes. These tracks include Greenwood, Woodbine and Mohawk. I should have brought them in today. However, the connection seemed too close, and I am really rising to find out whether other senators have received tickets such as these and if it is a customary practice—

Some Hon. Senators: No, no!

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I really do not know if anyone else has received complimentary tickets. I, for one, certainly have not. However, it is a question that might appropriately be asked of the distributors of the tickets, if and when we get this bill into committee.

• (1410)

Senator Kenny: Thank you. Perhaps that is a reasonable way to deal with the matter. I thought I would bring it to the attention of my colleagues.

Hon. Sidney L. Buckwold: Honourable senators, I have a minor contribution to make to the discussion on this bill. In 1979, or thereabouts, I had the distinct and great honour of being the chairman of a subcommittee of the Legal and Constitutional Affairs Committee. My colleague, Senator Robichaud, was an ardent member of that subcommittee, which dealt with off-track betting. The committee held about five or six meetings, all of which were fascinating and interesting. However, an election was called and something happened and the committee, like some bets on race horses at tracks, seemed to disappear. I must say that it was a fascinating experience learning about off-track betting and, as a result, I feel that the sport of kings deserves the full support of the Senate and the House of Commons. There are those who make their living out of racing horses and raising horses and those who enjoy the sport of betting on horses, and I think we have to accept that in this day and age. I therefore differ from my good friends Senator Lang and Senator Hicks and indicate that, as a result of that exposure—and I am sure that Senator Robichaud will agree with me—I support, at least in principle, this legislation.

On motion of Senator Corbin, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Seventh Report of the Standing Committee on Internal Economy, Budgets and Administration (Regulations for Senators' Travel Policy), presented in the Senate on May 16, 1989.

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of the report.

Motion agreed to and report adopted.

[Senator Kenny.]

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, in view of the fact that the Standing Senate Committee on National Finance is currently sitting to consider a report on Bill C-14, the Appropriation Bill, may I suggest that, pending their return, we adjourn to the call of the Chair, and then we can consider whatever it is they have to report.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

[*Translation*]

The sitting of the Senate was resumed at 5:50 p.m.

APPROPRIATION BILL NO. 1, 1989-90

REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

Leave having been given to revert to Reports of Committees:

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the third report of the Standing Senate Committee on National Finance, concerning Senator Doody's motion of May 16, 1989 and the message from the House of Commons of May 15, 1989 on an amendment to Bill C-14, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990.

I ask that this report be printed as an appendix to today's *Debates of the Senate* and that it form part of the permanent records of this house.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see p. 248*)

The Hon. the Speaker *pro tempore:* Honourable senators, when shall we consider this report?

Senator Leblanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

The Hon. the Speaker *pro tempore:* Honourable senators, is leave granted?

Hon. Senators: Agreed.

• (1800)

[*English*]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable

senators, the hour is late and I shall try to be as brief and concise as possible. I understand that in the other place the government is seeking agreement to sit this evening so that the report of the Senate may be taken into consideration. I also understand that, against the possibility that their legislative tasks will have been completed, Royal Assent will be held in this chamber a bit later this evening.

With regard to the report that has just been tabled by our friend Senator Leblanc, first, my attention has been drawn to the paragraph on page 5 in which the committee states—or, to be more precise, a majority of the committee, because I can assure you that the Progressive Conservative members of that committee disassociate themselves from much of this narrative, and certainly from this paragraph, which states:

> The Committee noted with concern the interference in the parliamentary process by the Secretary of the Treasury Board through the issuance of a memorandum, contrary to past practice, ordering the cessation of all payments on behalf of veterans and others as of Tuesday, May 16, 1989, with the evident intention of applying pressure on the Senate.

Honourable senators, on behalf of the government, I reject absolutely the allegations in that paragraph. We do not for one moment accept the implied reproach to the Secretary of the Treasury Board.

Yesterday I read into the record the memorandum that Mr. Veilleux, the Secretary of the Treasury Board, had sent, as was his responsibility, to deputy heads and heads of agencies concerning the situation in which the government found itself as of one minute past midnight Tuesday morning.

There is an inaccuracy in this document. There is no reference to veterans in the memorandum that Mr. Veilleux sent to deputy heads.

The Secretary of the Treasury Board is well known to many senators. He appeared on many occasions before parliamentary committees when he was an officer in the Department of Finance and elsewhere. He is a highly experienced and highly respected public servant and is a careful and prudent public servant as well. What he did on Tuesday at six o'clock he did en pleine connaissance de cause. Mr. Veilleux knows the law, acted on the solid advice of our advisers, and acted in a way that was completely responsible. Indeed, I would suggest that for him to have done otherwise would have been quite irresponsible.

Consider the bizarre situation which honourable senators are suggesting exists. For some weeks now my honourable friends opposite have been raising hell about the use of Governor General's warrants. Once the Governor General's warrants had expired, they said to us, "Why don't you go ahead and use them anyway? You have a right to use them. Pay no attention to the May 15 date that is attached to the warrant signed by Her Excellency. It is meaningless. It does not mean anything." They are saying, "Pay no attention to the legal advice telling you that you have no right to do this."

Honourable senators, if Mr. Veilleux—or, indeed, the government—were to do what the honourable senators are implying we could do, we would then be acting illegally and unconstitutionally.

Some Hon. Senators: Hear, hear!

Senator Murray: We would then deserve the opprobrium that has been heaped undeservedly on our heads these last few days.

Honourable senators, I have glanced through the report. As a member of the committee, I saw it earlier today in draft form. Not many changes have been made since I first saw it. The narrative here is very much a—

The Hon. the Speaker *pro tempore:* Honourable senators, I regret that I must draw to your attention that it is now six o'clock. Under the rules, if it is the wish of the Senate I can ignore the clock.

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Then it is agreed.

Senator Murray: I thank honourable senators for that.

The narrative in this report is, to a great extent, a repetition of the speeches which we heard from Senator Stewart and others in the committee when the Estimates were before the committee, in the chamber on three previous occasions and in the committee on three further occasions when the supply bill was being considered.

Honourable senators, a great deal has been made of the testimony of various ministers and officials when amendments were being proposed to the Financial Administration Act with regard to Governor General's warrants in the past. Senators today, in the committee, were asking Mr. de Cotret to try to square what the government did this year with what Deputy Minister Kenneth Clark said in 1951.

Senator MacEachen: It is not Kenneth; it is W.C. Clark.

Senator Murray: I beg my honourable friend's pardon. It is what Deputy Minister W.C. Clark said in 1951 or what Minister Donald Fleming said in 1958.

• (1810)

Honourable senators, it would be more relevant to square the actions of the government this year not with what Mr. Clark said or with what Mr. Fleming said but with what the act says and with what the practice has been under that act, lo, these many years. In the past century and more, every time Parliament has touched the legislation with regard to Governor General's warrants it has done so with the effect and with the intent of providing more flexibility to the executive in the use of Governor General's warrants. That is obvious from the narrative even in the report and from much of what Senator Stewart has said on previous occasions.

The scope or the power of the special warrants has been broadened—from covering emergency repairs to public buildings, as it was pre-confederation, to covering other unforeseen contingencies—in 1867 and then in the amendment of 1951, when, among other things, the deeming clause was added to

cover periods of parliamentary adjournment, and again in 1958, when they dropped the references to accidental damage to public works and also dropped the need to show that the urgent expenditure had been unforeseen.

Mr. Clark, the late Deputy Minister of Finance, in his testimony in 1951, used the expression "unforeseen". Mr. Donald Fleming, in his testimony in 1958, used the term "unforeseen". The committee, whose report has just been tabled, in three or four places at least comes back to that word "unforeseen". But, honourable senators, the word was taken out of the act in 1958. At that time Parliament took the word out of the act, and it must have done so for a reason, and the reason must have been to give the executive more flexibililty in the use of Governor General's warrants.

So we are left with this term "urgent". It is the view of the government—and my friends have been told this by the minister, Mr. de Cotret, and by his officials—that the test of "urgency" is that the bill is due and has to be paid in the public good. I suggest to honourable senators that Parliament has for over 90 years tacitly accepted this interpretation of the operative words of the special warrants legislation. Parliament has never changed the legislation, except, as I have indicated, to broaden and relax the power conferred upon the executive.

Also, Parliament has not challenged routine expenditures made under special warrants. The report that has just been tabled says on page 5:

> Fourth, although special warrants have been used to make payments to meet unforeseen—

There is that word again.

> —emergency requirements of the kind mentioned as an example by Mr. Fleming when Parliament is not in session and although special warrants have been used to make payments to meet the ordinary current expenses of the government when there is no Parliament by reason of dissolution, the government could not cite a single precedent supporting its view that special warrants may be used to make payments to meet ordinary current expenses of the government when Parliament is not in session.

Honourable senators, we acknowledge that there is no precedent for using warrants during parliamentary adjournments, but the power to use special warrants during parliamentary adjournments was granted in 1951. Also, the act makes no distinction in the scope of Governor General's warrants as between times of dissolution, prorogation or adjournment. During these times of prorogation and dissolution Governor General's warrants have been used time and again to meet current expenses of the government.

Honourable senators, the report recommends that we send a message to the House of Commons, asking the House to join us in affirming that:

> Subject to the *Constitution Acts*, 1967—

Honourable senators, it should be 1867. There is a typographical error in the English version. La version française est correcte.

[Senator Murray.]

Senator Leblanc: Honourable senators, there is a typographical error in the English version, where it says "1967". However, in the French version it is 1867, which is correct. The error was due to the rush.

Senator Murray: In any event, the report would have us invite the House of Commons to join us in affirming that:

> Subject to the *Constitution Acts*, 1867 to 1982, and except to meet unforeseen, urgent requirements touching the public good, no payment shall be made out of the Consolidated Revenue Fund without appropriation by Parliament.

Honourable senators, my friends are attempting to amend the act respecting Governor General's warrants. They are attempting to get that word "unforeseen" back in there; the word which was dropped in 1958. That is fair ball. Let them then bring in a private member's bill. Better than that, once the controversy of the moment has passed and the passions of the moment have subsided, let them, through the Standing Senate Committee on National Finance, or through some other committee, bring in a considered and comprehensive report on the matter of the Financial Administration Act, and in particular the use of Governor General's warrants and the limits that would be appropriate to place upon them. Of course, that report would receive, as always, our customary respectful attention.

Senator Frith: I wish you had left the "customary" out, and then we would have believed you.

Senator Murray: Honourable senators, meanwhile, of course, we in the government dissociate ourselves from much of this narrative and from the proposed message having to do with putting the word "unforeseen" back into the Financial Administration Act. We dissociate ourselves from many of the unwarranted conclusions that are drawn by honourable senators. But, naturally, we support the initiative of the committee that the Senate not insist on its amendments, but that Bill C-14 pass and that supply be granted so that the government can get on with the business of governing the country.

Some Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I do not intend to extend the debate very much longer. I stated yesterday, both in the Senate and outside the Senate, that so far as we were concerned we would not behave in any way that would prejudice necessary payments to Canadians. I can only regret that what I consider to be unjustifed fear tactics were used by the government in order to, as it were, remove the focus from the fundamental issue involved in our effort.

● (1820)

The Honourable Senator Murray has referred to what he considers is a particularly offensive paragraph in the committee report having to do with the memorandum which was circulated by the secretariat of the Treasury Board. I attended the committee meeting this morning. As a result of questioning by Senator Kirby, it became very clear that this particular

cessation-of-payment order had never been employed in the past. A similar circumstance had developed in 1980, when the special warrants were to expire on May 15 of that year, and the Treasury Board issued no stop-payment order. That fact was put in evidence by the witnesses. One wonders why suddenly, as the debate proceeded in the Senate and as we were exercising our responsibilities, a particular memorandum was injected into the process, which memorandum had the effect, of course, of developing pressure on the Senate, as exploited by the Leader of the Government in the Senate.

I believe that it is important that the Senate take note of this particular incident, because it is without precedent and it was unnecessary, totally unnecessary. If the memorandum was an administrative necessity, then it could have been used in that way, rather than so forcefully promulgated by the Leader of the Government yesterday in order to, as it were, intimidate the Senate into passing the bill before it had discharged its responsibilities. That is why that paragraph is in the report. It has no other purpose than to draw attention to the necessity that Parliament be allowed to perform its function.

I must say that after attending the hearing this morning and after hearing the testimony of the President of the Treasury Board, my concerns deepened. Rather than ameliorating my concerns, his testimony deepened them. The Leader of the Government has said, "Everything we have done is according to the law." We disagree with him. We have given our reasons in our speeches and in this committee report. That disagreement prevails and is reflected in the report of the committee. However, if the action taken by the government is according to law, then we must all agree that it is a very bad law.

Senator Frith: Agreed!

Some Hon. Senators: Hear, hear!

Senator MacEachen: A very bad law. The President of the Treasury Board today re-emphasized his earlier testimony that there is no limit on the total amount of public money sought or on the time for which a special warrant may be used—no limit on the amount and no limit on the time. Surely that is not a desirable situation for a country or a body such as ours that has placed such heavy emphasis on the control of the public purse by Parliament. I do not think that any of us want to deny the government the opportunity, in proper circumstances, such as an election or unforeseen contingencies, to issue special warrants.

It is strange, however, that these powers, which the government says are lawful, were used when Parliament was fully available. In fact, Parliament had been summoned, then adjourned to a date certain and then prorogued. A few days before we reconvened the government drew down approximately $6.2 billion. It is not as if Parliament had been unavailable. It was available, but it was ignored and the operations were financed. That is what we find unacceptable. We disagree with the government's interpretation. If we accept, however, the conclusion of the government that everything that was done was done according to law, then it is a bad law, because, as the report says, it "leads . . . to the proposition that it would be lawful and constitutional for the executive government to govern Canada without meeting Parliament to obtain supply." That, as the report says, is "contrary to the principles of responsible government and parliamentary democracy."

In any event, the Leader of the Government was reasonably economical in his remarks and I intend to follow his example. I personally want to congratulate Senator Stewart and those members of the committee who devoted so much attention to this particular issue and who have clarified for the Senate, and I hope for others, the status of Governor General's warrants and their relationship to the control of the purse by Parliament. I think it was a job well done and I congratulate those involved.

Some Hon. Senators: Hear, hear!

Senator MacEachen: I am somewhat encouraged that perhaps we have made an impression on the Leader of the Government.

Senator Murray: You have certainly made an impression!

Senator MacEachen: Maybe he, too, despite his stout defence of what the government has done, has some deep-seated concern. I am sure that there are some senators on the other side who have some concern, although they have not been open in expressing it. They want their thoughts to mature before they express them. It was encouraging to hear the Leader of the Government say that the subject which has been raised is so important that it might form the basis of a bill to be introduced in the Senate or it might form the basis of a comprehensive report to be produced by the National Finance Committee.

Some Hon. Senators: Hear, hear!

Senator Frith: Take a bow.

Senator MacEachen: We have not been dealing with a trivial matter; we have been dealing with a very important matter. As far as we are concerned, we are ready to have the motions and votes that will guarantee the passage of the bill and all the necessary payments. We expect members of the government, supporters of the government, to do their duty and to carry the report, which gives them $33 billion. That large amount of cash ought to permit them to gulp a bit as they support Part II of the report. They both go together, and I think you have to take both of them.

• (1830)

Some Hon. Senators: Hear, hear!

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I will simply move that the report be amended by deleting Part II of the report.

[*English*]

Honourable senators, I move:

> That the report be amended by deleting Part II of the report.

I said I would not make other comments, and I do not think I need provocation.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, P.C.:

That the report be amended by deleting Part II of the report.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* I declare the nays have it. The motion is defeated.

Some Hon. Senators: On division!

The Hon. the Speaker *pro tempore:* On division.

With leave of the Senate and notwithstanding rule 45(1)(*f*), it is moved by the Honourable Senator Leblanc (Saurel), seconded by the Honourable Senator Kenny, that this report be now adopted.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

Some Hon. Senators: On division!

Hon. Royce Frith (Deputy Leader of the Opposition): Not "on division"; not this one!

And two honourable senators having risen.

The Hon. the Speaker *pro tempore:* Please call in the senators.

The Hon. the Speaker *pro tempore:* The doors of the chamber will now be locked.

Motion carried on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	MacDonald (*Halifax*)
Balfour	Macquarrie
Bazin	Muir
Beaudoin	Murray
Bélisle	Nurgitz
Bolduc	Ottenheimer
Chaput-Rolland	Phillips
Cochrane	Poitras
Doody	Simard
Flynn	Spivak
Kelly	Tremblay
Macdonald (*Cape Breton*)	Walker—24.

[Senator Flynn.]

NAYS

THE HONOURABLE SENATORS

Nil

ABSTENTIONS

THE HONOURABLE SENATORS

Argue	Leblanc (*Saurel*)
Bonnell	Lefebvre
Bosa	Lewis
Cools	MacEachen
Corbin	Marchand
Davey	McElman
De Bané	Olson
Fairbairn	Perrault
Frith	Petten
Gigantès	Robichaud
Grafstein	Stanbury
Graham	Stewart (*Antigonish-Guysborough*)
Guay	Stollery
Haidasz	Turner
Hays	van Roggen—33.
Hébert	
Hicks	
Kenny	

The Hon. the Speaker *pro tempore:* Let the doors be opened.

• (1840)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
THE SECRETARY TO THE GOVERNOR GENERAL

17 May 1989

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 17th day of May, 1989, at 6:50 p.m., for the purpose of giving Royal Assent to a Bill.

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

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

• (1850)

At 6:50 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker:

The Honourable Marcel Danis, Deputy Speaker of the House of Commons, addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service:

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990 (*Bill C-14, Chapter 1, 1989*).

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 242*)

APPROPRIATION BILL NO. 1, 1989-90

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE

WEDNESDAY, May 17, 1989

The Standing Senate Committee on National Finance has the honour to present its

THIRD REPORT

Your Committee, to which was referred the motion of the Honourable Senator Doody, dated 16th May, 1989, and the Message from the House of Commons dated 15th May, 1989 relating to an amendment to Bill C-14, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990, passed by the Senate on 11th May 1989, has, in obedience to the Order of Reference dated 16th May 1989, examined the said motion and Message and now reports as follows:

PART I

Your Committee recommends that a Message be sent to the House of Commons to acquaint that House that, with respect to its Message to the Senate dated May 15, 1989 regarding Bill C-14, the Senate does not insist upon its amendment.

PART II

Your Committee recommends that a further Message be sent to the House of Commons as follows:

It is an established principle of parliamentary democracy that only Parliament, and not the executive government, may authorize payments to be made with public money. Since 1867 that principle has been set forth as statute law in Canada.

In 1867 to permit the executive government to deal immediately with unforeseen and unprovided requirements touching the public good arising when Parliament is not in session, Parliament authorized the executive government to make payments by means of Governor General's special warrants. In that year Parliament enacted:

> If, when Parliament is not in session, any accident happens to any public work or building which requires an immediate outlay for the repair thereof, or any other occasion arises when any expenditure not foreseen or provided for by Parliament is urgently and immediately required for the public good, then upon the Report of the Minister of Finance that there is no parliamentary provision, and of the Minister having charge of the particular service in question, that the necessity is urgent, the Governor in Council may order a special warrant to be prepared, to be signed by the Governor himself for the issue of the amount estimated to be required ...

Almost one hundred years later, in 1958, Parliament renewed the authorization for payments by special warrants to meet requirements. It did so in the *Financial Administration Act*, Section 28(1) in the following words:

> "28.(1) Where a payment is urgently required for the public good when parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, upon the report of the
>
> President of the Treasury Board that there is no appropriation for the payment and the report of the appropriate Minister that the payment is urgently required for the public good, may by order direct the preparation of a special warrant to be signed by the Governor General authorizing the payment to be made out of the Consolidated Revenue Fund."

Earlier in 1951 the definition of the expression "not in session" was extended to include times when the Houses of Parliament have adjourned for long periods. Long adjournments had become common for the first time in the years since 1940. Parliament enacted:

> For the purposes of this section, Parliament shall be deemed to be not in session when it is

> under adjournment *sine die* or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant.

This provision is now section 30(5).

Since 1896 special warrants have been used from time to time – three times before 1957, but frequently since – after a Parliament has been dissolved and before the new Parliament has met so as to make payments for carrying on the public service.

This is the background against which the use of the four special warrants used in 1989 must be placed. In 1989 the executive government used special warrants in January, February, March, and April to make payments for carrying on the public service even although the new Parliament had met and even although supply estimates had been presented to the House of Commons.

The executive government states that it relied on the written opinion of its law officers that section 30(1) of the *Financial Administration Act* permits a government, using special warrants, to pay out public money for any purpose set forth (a) in supply estimates or (b) that ordinarily would be included in supply estimates if there were supply estimates as well as for dealing with accidents and other genuine emergencies touching the public good provided only that Parliament is not in session and that there is no other appropriation for that purpose. The government contends that it may use special warrants in the same way when parliament is not in session as special warrants have been used when there is no Parliament by reason of dissolution. The committee was told that there is no limit either on the total amount of public money that may be paid out by means of special warrants or on the time period for which a special warrant may be used.

The Committee rejects the interpretation placed on the *Financial Administration Act*, section 30, by the executive government. It finds that interpretation invalid.

First, that interpretation leads immediately to the proposition that it would be lawful and constitutional for the executive government to govern Canada without meeting Parliament to obtain supply, a proposition manifestly contrary to the principles of responsible government and parliamentary democracy.

Second, it ignores the statutory requirement that any payment to be made by means of a special warrant must be urgently required. Your Committee was told that it is the considered view of the executive government that any payment that ordinarily would be set forth in supply estimates is a payment urgently required for the public good.

Third, the government's interpretation of the *Financial Administration Act*, section 30 is directly contrary to the interpretations accepted by Parliament in 1951 and 1958 when section 30 was amended.

In 1951 the Deputy Minister of Finance explained certain proposed changed to this section – then section 28 – as follows:

> One is section 28, which re-enacts the provisions of the old Act relating to the use of Governor General's warrants for urgent and unforeseen expenditures. The language is clearer and there has been added a provision requiring that each such special warrant be published in the *Canada Gazette* within 30 days after it is used and that a statement of all such special warrants the amounts thereof be laid before the House of Commons within 15 days after the commencement of each session, as well as another provision permitting the issuance of a special warrant if an urgent, unforeseen expenditure is required when Parliament is adjourned *sine die* or to a day more than two weeks after the accident happened or the need arose, as well as when parliament is not in session. This provision is made necessary by the practice which has developed in recent years of long adjournments. *Standing Committee on Public Accounts*, December, 1951.

When asked if each of the expenditures made in 1989 by special warrant was an "urgent, unforeseen expenditure" the government merely stated that based on the advice of law officers of the Crown if believed each of those payments was legal.

In 1951 the Special Assistant to the Department of Finance explained section 28 as follows:

> Mr. Chairman, section 26 does not deal with special warrants of the Governor General, it is section 28 which covers urgent expenditures not provided for. Section 28 does give the authority to the Governor in Council to authorize payments of that nature, to cover not only the urgent outlay for repair a which may require to be made to a public building which had been damaged or destroyed, but also the outlay necessary for the carrying on of the public service in the event that Parliament has not made appropriation for that service prior to dissolution. *Ibid.*, page 69.

Again, the government declined to attempted to show that its interpretation is the same as that accepted by Parliament in 1951.

In 1958 the Hon. Donald M. Fleming, the Minister of Finance, explained the new words then enacted by Parliament as follows:

> Section 28 has persisted in its present form virtually since confederation. One change that was made when the act was reviewed some five years ago was to provide for the publication in the *Canada Gazette* of the Governor General's warrants, "special warrants" as they were called in the section.
>
> The language of section 28, dating back as I have indicated almost to Confederation, contemplated that resort would be had to the issue of special warrants in cases where an accident happened to a public work or building when Parliament is not in session and an expenditure for the repair or renewal thereof is urgently required, or where any other matter arises when Parliament is not in session in respect of which an expenditure not foreseen or provided for by Parliament is urgently required for the public good. The section goes on to provide with respect to the second case for the steps that may be taken in such a case where no appropriation has been made by Parliament for the situation which has arisen.
>
> In the amendment that is now before the House it is proposed that the language be modernized. Obviously the case that appears in second place in the language of the present act is very much more important and very much more likely to happen than the first one. Nowadays the happening of an accident to a public work or building is not the kind of situation that is most likely to give rise to the need for issuance of the Governor General's warrants. That dates back to the sort of minds of our predecessors in Parliament nearly 90 years ago.
>
> What is proposed now in the amendment is that we put the situation in which Governor General's warrants should be used in these terms, "where payment is urgently required for the public good when Parliament is not in session" and no other appropriation is available. In other words, that is the proper ground. It is already provided for in the section, and it is felt that if we put the case in that form we do not need any longer the opening words of the present section 28 in relation to an accident. *House of Commons Debates*, August 19, 1958, p. 3770.

When asked for an example of the kind of situation in which section 28 (1) might be used, Mr. Fleming stated:

> My hon. friend asks about the circumstances under which resort might be had to the issuance of a special warrant. I think I can best answer his question by referring to the situation in which the Governor in Council found himself last August when two warrants were issued. Parliament had made an appropriation in the previous spring, that was exhausted by the beginning of the summer, to provide for the maintenance of Hungarian refugees. We were confronted with a situation in the middle of the summer of 1957 where either we had to recommend to His Excellency the issuance of a special warrant or there just would not have been any money for all to provide food and shelter for these refugees coming into the country. As Parliament had not made that provision, and as we felt it our duty to do so, we recommended the issuance of a special warrant and that step was taken. *House of Commons Debates*, August 19, 1958, p. 3770.
>
> Again, the government declined to try to show that its interpretation of section 28 – now section 30 – is consistent with the interpretation given to Parliament when that section was enacted.

Fourth, although special warrants have been used to make payments to meet unforeseen emergency requirements of the kind mentioned as an example by Mr. Fleming when Parliament is not in session and although special warrants have been used to make payments to meet the ordinary current expenses of the government when there is no Parliament by reason of dissolution, the government could not cite a single precedent supporting its view that special warrants may be used to make payments to meet ordinary current expenses of the government when Parliament is not in session.

Fifth, the government's interpretation of section 30 means that special warrants may be used for contingency requirements when Parliament is not in session notwithstanding that Parliament has specified in Treasury Board Vote 5 the limit beyond which the government may not make contingency payments.

For these reasons your Committee rejects the government's interpretation of section 30 of the *Financial Administration Act* as both wrong and abhorrent.

The Committee noted with concern the interference in the parliamentary process by the Secretary of the Treasury Board through the issuance of a memorandum, contrary to past practice, ordering the cessation of all payments on behalf of veterans and others as of Tuesday, May 16, 1989, with the evident intention of applying pressure on the Senate.

The Senate invites the House of Commons to join it in affirming that, "Subject to the *Constitution Acts, 1867 to 1982*, and except to meet unforeseen, urgent requirements touching the public good, no payment shall be made out of the Consolidated Revenue Fund without appropriation by Parliament.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

THE SENATE

Thursday, May 18, 1989

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

Prayers.

[*Translation*]

PRIVATE BILL

THE SAFEGUARD LIFE ASSURANCE COMPANY—FIRST READING

Hon. Jean Bazin, for Hon. Michel Cogger, moved the first reading of Bill S-5, to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Bazin: Honourable senators, I move, seconded by the Honourable Senator Ottenheimer, that this bill be read the second time on Tuesday next, May 23, 1989.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, would it not be better to say at the next sitting of the Senate?

Senator Bazin: Honourable senators, I have been advised that it would be better to set a specific time, even if it should have to be postponed.

The Hon. the Speaker: Honourable senators, it is moved by Senator Bazin, for Senator Cogger, and seconded by Senator Ottenheimer, that this bill be placed on the Orders of the Day for second reading on Tuesday next, May 23, 1989.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

TOBACCO RESTRAINT ACT
TOBACCO PRODUCTS CONTROL ACT

BILL TO AMEND—FIRST READING

Hon. Stanley Haidasz presented Bill S-6, to amend the Tobacco Restraint Act and the Tobacco Products Control Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Haidasz, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

NATIONAL DEFENCE

THIRD REPORT OF SPECIAL COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Henry D. Hicks: Honourable senators, I have the honour to present the third report of the Special Senate Committee on National Defence, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see Appendix "A", p. 261.*)

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

On motion of Senator Hicks, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

EIGHTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

EIGHTH REPORT

Your Committee is presently undertaking a review of the budgetary situation pertaining to Senate Committees.

Your Committee therefore recommends that, notwithstanding the *Procedural Guidelines for the Financial Operation of Senate Committees* adopted on March 26, 1986, for any committee budget for the financial year 1989-90 submitted to and approved by the Internal Economy Committee, your Committee be authorized to release no more than 3/12 of those approved funds until the end of June 1989.

Since the Special Committee of the Senate on Terrorism and Public Safety and the Special Committee of the

Senate on National Defence are to present their reports no later than June 30, 1989, your Committee recommends that these two Committees be exempt from the 3/12 rule.

Respectfully submitted.

ROMÉO LEBLANC
Chairman

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

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

NINTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

NINTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Wednesday, May 3, 1989. The said budget is as follows:

Professional and Other Services	$112,080.00
Transportation and Communications	750.00
All Other Expenditures	1,500.00
TOTAL	$114,330.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

TENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TENTH REPORT

The Senate and the House of Commons have been advised by Treasury Board that the Post-retirement Life Insurance Plan is extended to both Houses of Parliament should Senators and Members of the House of Commons wish to take advantage of this benefit.

Amount of Life Insurance:

The following is a summary of coverage provided by this Post-retirement Life Insurance Plan.

During the 1st year of retirement = 100% of Senators' adjusted final salary;

During the 2nd year of retirement = 75% of Senators' adjusted final salary;

During the 3rd year of retirement = 50% of Senators' adjusted final salary;

During the 4th year of retirement and thereafter = 25% of Senators' adjusted final salary.

Cost of Insurance:

The Treasury Board will pay the full amount of the premiums to support post-retirement life insurance. As the amount of insurance is reduced after each of the first three (3) years of coverage, so will the premium Treasury Board pays on the Senators' behalf.

The premium rate for this insurance amounts to $1.21/$1,000 per month.

Premiums and Their Tax Implications:

In accordance with current income tax legislation, premiums paid by Treasury Board for life insurance in excess of $25,000 are to be a taxable benefit to the Senator.

Your Committee recommends the approval of Treasury Board's offer to extend the Post-retirement Life Insurance Plan to Senators.

Your Committee recommends that negotiations take place to make the Post-retirement Life Insurance Plan retroactive to January 1, 1989.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

ELEVENTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

ELEVENTH REPORT

Your Committee reviewed the report of the Sub-Committee established to inquire into the travel expense allegations made against Senator Argue. The said report is as follows:

"Your Sub-Committee received its Order of Reference on April 6th, 1989. The Honourable Senators Lewis, McElman and Nurgitz served on the Sub-Committee.

Your Sub-Committee met on May 17th, 1989 to receive and study the audit report undertaken by an independent public accounting firm. Based on the report, and after due consideration, it was agreed that the matter studied and all financial documents relevant thereto be turned over to the proper authorities for investigation."

Your Committee recommends the approval of this report by the Senate.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

• (1410)

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

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be taken into consideration now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

FOREIGN AFFAIRS

FOURTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John B. Stewart: Honourable senators, I have the honour to present the fourth report of the Standing Senate Committee on Foreign Affairs, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of the report see Appendix "B", p. 264.*)

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

On motion of Senator Stewart, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

PROBLEMS OF THE AGED

NOTICE OF INQUIRY

Hon. M. Lorne Bonnell: Honourable senators, I give notice that on Tuesday, June 13, 1989, I will call the attention of the Senate to the problems of the aged, including the substantial increase in population of those aged 65 and over, as well as problems of income, security, retirement, housing, transportation and social welfare in general, including abuse and health care.

BUSINESS OF THE SENATE

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday, 30th May, 1989, at two o'clock in the afternoon.

I would ask permission to comment briefly on my motion.

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

Hon. Senators: Agreed.

Senator Doody: Honourable senators, the order paper that we have before us now contains only one government piece of business, Bill C-7, an act to amend the Criminal Code (parimutuel betting). My understanding is that the Senate is prepared to deal with that today on second reading and have it referred to committee. Since that is the only piece of government business before us, and since we do not really anticipate anything for the coming week, it might be appropriate for us to recess for that week and come back on May 30. There is really no need for us to be present in the absence of government legislation. I think that by the following week the Borrowing Authority Bill and perhaps some other pieces of

legislation will be up from the other place and then we can get back to work on those.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I do not think Senator Doody has left anything to be said, so I will not say anything more.

Motion agreed to.

DISTINGUISHED VISITOR IN GALLERY

POLISH COMBATANTS ASSOCIATION OF CANADA

Hon. Stanley Haidasz: Honourable senators, I should like to draw to the attention of honourable senators the presence in the gallery of Captain Andrzej Garlicki, member of the Order of Canada and vice president, Polish Combatants Association of Canada.

Hon. Senators: Hear, hear!

Senator Haidasz: Captain Garlicki, on May 18, 1944, 45 years ago today, took part in the victory of Monte Cassino in Italy as a member of the Second Polish Corps of General Anders, which was part of the 8th British Army under the Supreme Commander General Alexander, whom we got to know in the 1950s as Viscount Alexander, Governor General of Canada. We wish Captain Garlicki and his fellow combatants success in their discussions with the federal government about plans to commemorate the 50th Anniversary of the outbreak of World War II.

[*Translation*]

QUESTION PERIOD

ATLANTIC CANADA OPPORTUNITIES AGENCY

AMOUNTS APPROVED AND SPENT FOR FINANCIAL YEAR 1988-89

Hon. Norbert L. Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate.

I would like to ask him if he could, on May 30, at the next sitting of the Senate, provide us with a list of the amounts approved and spent by the ACOA for the fiscal year 1988-89.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will do my best to get this information from the agency.

[*English*]

THE ENVIRONMENT

TRANSPORTABLE PCB INCINERATORS—STATUS OF GOOSE BAY, LABRADOR UNIT AND QUEBEC OR ONTARIO UNIT

Hon. Colin Kenny: My question is for the Leader of the Government in the Senate. Nine months ago, in answer to an earlier question of mine respecting the transportable incinerator which is to go to Goose Bay, the Leader of the Government said:

> the Department of National Defence is already well advanced with respect to environmental evaluations and community consultations at Goose Bay.

Can the Leader of the Government bring us up to date on the status of that incinerator and also give us some indication as to the timetable for the operation of the second incinerator, which is to go somewhere in Quebec or Ontario?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall obtain a report from my colleagues on this matter and bring it in as soon as possible.

THE BUDGET

TELEVISION ADVERTISING CAMPAIGN BY GOVERNMENT—NAME OF AGENCY AND COST—COMPARATIVE COST OF FREE TRADE AGREEMENT ADVERTISING CAMPAIGN

Hon. Raymond J. Perrault: Honourable senators, during the National Hockey League television broadcasts listeners are assailed by messages from the government on the recently produced Budget. It is alleged that several million dollars have been spent on financing this appeal for public support for this Budget, at a time when the federal government is withdrawing from unemployment insurance programs and at a time when other social programs are being reduced.

Can the Leader of the Government bring to this chamber details with respect to this televised propaganda by this government? How much is the campaign costing? I should also like to know the name of the advertising agency which was authorized by the government to place these messages during the National Hockey League broadcasts, and I would like to hear from the leader justification for one of the most blatant abuses of the public air waves by a government in the history of this country.

● (1420)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is obvious that the advertising is working—

Senator Doody: "The land is strong"!

Senator Murray: —and has hit the mark. The honourable senator said, inaccurately, that the advertising was an appeal for support for the Budget. It was not that. Indeed, the advertising began, on radio at any rate, before the Budget was brought down, and it refers to none of the measures in the Budget nor to the Budget.

Senator Frith: I can tell by the angelic expression you are using on this one that you do not believe it at all.

Senator Murray: It is an information program, designed to acquaint Canadians with the seriousness of the national debt and deficit problem which the government must face and to appeal for a concerted effort by all citizens to reduce that deficit. I would have thought that, in general, that was a message that had the support of all parliamentarians.

Senator Perrault: Honourable senators, here is a government that claims that the Canadian people are very much in support of the measures it has taken. Why is it necessary, then, to spend millions and millions of dollars—there have been some estimates of up to $20 million, and I do not know what the final figure is—

Senator Frith: That is probably conservative.

Senator Perrault: —to convince people about a matter which you allege already has their enthusiastic support? If the people support the budget proposals, why must we resort to these devices to insist that they reinforce their alleged support? To misuse the government treasury in this way invites an investigation of the government's relationship to its chosen advertising agencies in this country and the government's entire program of alleged information.

Senator Murray: Honourable senators, I neglected to reply to one of the questions that my friend asked when he first rose.

Senator Doody: Shame!

Senator Murray: That was the name of the advertising agency that had placed the advertising. Subject to verification, I believe that would have been Media Canada, which is responsible for the placing of government advertising.

The honourable senator is wrong—tenfold, as a matter of fact—in his estimate of the cost. Again, subject to verification, the cost of that advertising program is not in the vicinity of $20 million. It is less than $3 million.

Senator Perrault: Well, $3 million would be of great benefit to the people of Summerside, Prince Edward Island.

Some Hon. Senators: Hear, hear!

Senator Perrault: It would be of great benefit to them. It might keep the creditors from moving in on them during their time of great distress in Summerside.

This television assault on the senses, the sight and sound faculties, of the people of Canada really is an insult, and even the Leader of the Government must be embarrassed by this program.

Senator Murray: On the contrary, honourable senators. There is every evidence that the advertising program has been very effective, in part because it is not a partisan advertising campaign.

Senator Frith: Come on, don't smile! You are doing well.

Senator Murray: It is designed to convey a message that this government and previous governments have tried to convey, and that is the seriousness of the debt and deficit problem. If it makes my honourable friend more comfortable, I can assure him that we pretested the advertising—

Senator Perrault: Pretested!

Senator Murray: —in focus groups and so on, and that—

Senator MacEachen: In the Tory caucus!

Senator Murray: —the testing was extremely positive.

[Senator Murray.]

Senator Perrault: Honourable senators, during the recent federal election campaign there was not one reference to the deficit, not one reference to what is now described as a critical problem, not one reference by the Prime Minister of this country to what is now described as an emergency circumstance. There were $17 billion worth of promises made by this government, many of them broken. Indeed, there is now a whole trail of shattered and broken promises.

The fact that the government has chosen this moment, during a time when Canadian sports fans are trying to enjoy themselves, to remind them of this Budget is the ultimate insult to the Canadian people.

[*Translation*]

Hon. Azellus Denis: I have a supplementary question for the Leader of the Government in the Senate.

I would like to ask him whether these advertising costs are comparable to those incurred to publicize the Free Trade Agreement. If so, could he give us the cost breakdown for this advertising campaign and the one for the Free Trade Agreement with the United States?

Senator Murray: Honourable senators, I do not know if my friend is looking for a financial comparison of these two advertising campaigns.

For the time being, all I can say is that the two campaigns are similar in that they have both been wonderfully successful.

[*English*]

HEALTH AND WELFARE

FEDERAL ADVISORY COUNCIL ON AIDS—APPOINTMENT OF CHAIRMAN—FUNDING

Hon. Stanley Haidasz: Honourable senators, my question is for the Leader of the Government in the Senate. I wish to ask whether the Minister of National Health and Welfare has yet found time to fill the chairmanship of the Federal Advisory Council on AIDS and whether there will be more funds contributed to fight that terrible epidemic.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask Mr. Beatty for a report on those matters.

VIA RAIL

REDUCTION IN BUDGET—PROSPECTIVE EMPLOYEE CUTS—EMPLOYEE SENIORITY AND PENSION RIGHTS

Hon. Charles Turner: Honourable senators, on May 4 I asked the Leader of the Government in the Senate a question regarding employee seniority and pension rights. The answer I received yesterday is not worth the paper it is written on.

My question is: What happens to the employee seniority and pension rights? Do they revert back as employees of the CNR and the CPR? A yes or no answer is what I want.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I regret that Senator Turner does not find to his

liking the answer which was tabled by the Deputy Leader of the Government yesterday, but the answer we have received points out that the question is really hypothetical at this stage.

The minister replied that the employment impact of any of the options that VIA Rail is now considering cannot be determined until the corporation has submitted its business plan. It would therefore be premature, and indeed irresponsible, to comment at this time.

● (1430)

Senator Turner: That is not good enough! The government has left all of the employees in a no-man's-land. All we want to know is what is going to happen to the employees in the event that VIA cuts its services. Do they revert to being CNR or CPR employees, retaining their place on those seniority lists, yes or no? It does not interfere with any business decision.

Senator Murray: But, honourable senators, that is a hypothetical question at this point. In connection with any plans that affect the employees, the honourable senator can be assured that the fullest consultations will take place with the representatives of those employees.

Senator Turner: Well, Mr. Minister, I am telling you right now that we are not satisfied with that answer and we are prepared to take action, if necessary.

[*Translation*]

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaudoin, seconded by the Honourable Senator Asselin, P.C., for the second reading of the Bill C-7, An Act to amend the Criminal Code (pari-mutuel betting).—(*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: Honourable senators, as I see it, there is no social benefit or public necessity that warrants this legislation. Furthermore, these amendments to the Criminal Code involve a social cost that was not even mentioned in the course of this debate. On May 9, Senator Beaudoin introduced Bill C-7 in the Senate for second reading. The purpose of this bill is to amend section 204 of the Criminal Code dealing with pari-mutuel betting. Subsections (2) and (8) will permit pari-mutuel betting on horse races viewed on video screens. The establishments where the public will be able to view the races live and bet on them will be located outside the racetrack or at tracks where no races are held. The legislation provides that the interests of the provinces will be protected by the obligation on track owners to obtain a licence from the Lieutenant Governor in Council before they can obtain a federal operating licence.

Senator Beaudoin viewed this legislation as a panacea for certain apparent or real problems besetting the race track industry. Senator Beaudoin explained that competition from provincial lotteries — another government creation — and casinos was adversely affecting race tracks. I don't know whether he forgot or whether it was part of his sales strategy, but Senator Beaudoin did not tell us that some race tracks sell lottery tickets and even operate casinos. I may refer you in this respect to a letter from the Ontario Harness Horsemen's Association, dated May 5, 1989.

The bill's sponsor also mentioned the need to protect jobs in this industry. He suggested that the legislation would widen the economic base of the race track industry. The purpose is to bring more people to the races. Well, according to the experience of our neighbours across the border in the United States—in Illinois, for instance—the authorities noticed that customers had not changed, and that race track regulars were also the people who took advantage of the new service. So the argument that it widens the economic base does not hold true in all cases. I did not pursue my inquiry further, since I did not have time. Granted, race track profits have increased. I would not say they have been climbing steadily for several years, but the benefits seem to come out of the same back pockets.

However, let us assume that the government's strategy for expanding the clientele of our race tracks is a big success. Does the government want to encourage Canadians to gamble? I think Canadians are already sufficiently attracted to all kinds of lotteries. With all the advertising that is falling on their ears every day, several times a day, I don't think we should open the door any further to attract them to this new kind of betting.

This type of activity is often referred to as a voluntary tax. It is in fact an activity that has proliferated for a number of years. A few days ago, a minister from my own province of New Brunswick announced that they were going to establish a lottery and give the profits to the Amateur Athletic Association. This is going on all over Canada. To promote the arts, culture or amateur sport, games of chance, including lotteries, are being set up in various forms.

As usual, and it has been our experience and that of many others, this type of entertainment is most popular among the neediest in our society. Those who are least able to spend this kind of money are most likely to do so. That is where we see the social cost, because everybody thinks that if they buy a lottery ticket or a ticket at the race track, they can get rich overnight, while in many cases the exact opposite occurs. Dreams are dashed, families are broken up and children are deprived of many of the necessities of life as a result.

This bill raises a question of public morality. Is it acceptable that our governments, federal or provincial, promote gambling by pretending to regulate an area which may have some criminal aspects? I do not accept it and never did. I know that many people and many organizations in Canada agree with me. As Senator Stanbury mentioned, the United Church of Canada, among others, opposes this bill.

We are told that lotteries, pari-mutuel betting, and so on, are some kind of voluntary tax. If it were the case, it seems to me that municipal, provincial and federal taxes would go down instead of up. It is definitely not the case. So, please stop

telling us that it is a voluntary tax. It is nothing but another means of ripping off people who cannot afford it.

One thing for sure is that the concept of freedom and morality has greatly evolved in our society. Still I would suggest that we Canadians want to preserve certain basic values, certain fundamental concepts of public morality. A bill such as this one introduced by the government does not respect that kind of social commitment. I deplore the fact that the government—again, I repeat, claiming it seeks to set some sort of order in the horse racing industry or make it more profitable—wants to make pari-mutuel betting more readily accessible.

Senator Beaudoin described the bill as the public answer to illegal betting through bookmakers. However, I listened to him very carefully but he did not say anything about the fact that pari-mutuel betting is a social problem, just as are alcohol and drug abuse. It has become such a social concern that people who are affected by the negative impact of this habit have set up self-help groups to offset the attraction of every kind of pari-mutuel betting and to support one another in their fight against this type of enticement.

In the United States, for instance, there is an association called the Council on Compulsive Gambling of New Jersey. It was founded in 1982 and so far has only 250 members, according to the latest information available. In New York State there is another association called the Gam-Anon International Service Office. "Gam" is short for gambling and "Anon" for anonymous. It was founded in 1960. The Association now has 5,000 members in 350 regional and 30 state groups in various locations in the U.S. Members of this type of association are usually men and women, as well as relatives and friends of what we call compulsive gamblers. Another association on the West Coast of the United States, called Gamblers Anonymous, was founded in 1957 and has 20,000 members and 691 local groups. People of every origin and from all walks of life belong to this association. If we could compare this membership—there are other groups but I will not name them all—to that of Alcoholics Anonymous, for instance, of which not more than 2 per cent of Canadian alcoholics are regular and abstaining members, if we apply this percentage to gambling activities, we find that there are a lot of compulsive gamblers who are desperate.

Honourable senators, I will not pursue the matter further, except perhaps to say that the horse racing industry is in very good shape in this country. Senator Stanbury said as much. He quoted a press release dated January 26, 1989 in which the Honourable Don Mazankowski mentioned the volume of betting on Canadian race tracks. The press release told us that a record $1.82 billion was wagered at 107 race tracks around the country, an increase of 6.2 per cent over 1987.

It is claimed that this bill will save an area of the entertainment industry that is failing and in bad shape. The statistics show that is definitely not the case. That is why I said at the beginning of my comments that there was no need for this legislation. Furthermore, it triggers social costs for which the government does not provide a solution. Thank you, honourable senators.

• (1440)

[*English*]

Hon. Keith Davey: Honourable senators, I will be extremely brief. I should like to underline some of the remarks contained in Senator Beaudoin's excellent presentation. He said, in particular:

> The double intent of Bill C-7 is to provide the horse racing industry with a marketing opportunity that will help broaden the industry's economic base, which had been shrinking by increased competition from other forms of entertainment and wagering dollars—

Honourable senators, 100,000 Canadians are employed in the horse racing industry. That is more people than work in the aeronautics and automobile sectors combined. Still, the industry is in peril, and little wonder. In 1987 provincial lotteries attracted $3.34 billion at 34,000 locations across Canada.

Teletheatre wagering will greatly assist the horse racing industry at a critical time. It is worth putting on the record that the horse racing industry is an industry which is extremely well administered. The fact is that Canadian horsemen and horse breeders are world renowned for their skills.

Yesterday we discovered that some of our colleagues do not approve of horse racing. I feel sorry for them, but that is their business. No one is forced to attend. Millions of Canadians wager every day on the Stanley Cup, the Grey Cup, church bingos, lottery tickets, penny stocks, rotisserie baseball, not to mention golf and bridge, and I could go on and on. The overwhelming majority of these Canadians are God-fearing citizens, some of whom even go to church every Sunday.

I must say that I resist the notion that somehow horse racing is a "less than honourable" sport. Nothing could be further from reality. It is honourable. It is the sport of kings and queens, including Her Majesty Queen Elizabeth II, the very Queen each of us honours every time we meet in this chamber.

Some Hon. Senators: Hear, hear!

Senator Corbin: Honourable senators, in responding to Senator Davey's remarks, may I say that if I have left the impression that I am against horses or horse racing, that is totally false. I like horses. I do not mind watching a race on television. I went to the race track once in my life. I placed a bet; I was lucky, and I never returned. However, I have seen a lot of people hurt by the gambling aspect of horse racing. It was against that that I spoke, not against those dear horses.

• (1450)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should like to add a brief footnote to this debate, and it is in the guise of another "voice in the wilderness" comment. I hope it is worth noting that every time we get a piece of legislation that includes the expansion of gambling, we drive another nail into the coffin of what was once a

moral principle—that is, the principle that gambling is immoral.

This sort of moralistic lecture, or pedantry, lies very ill in my mouth, because I certainly cannot present myself as someone who has never gambled. Nor am I taking the pledge now never again to do so. However, it just interests me, and evidently Senator Corbin and some other senators as well, that the concept started with lotteries. The idea that gambling was illegal or immoral seemed to be a principle that was intact so far as the state was concerned, in that gambling on horses and other forms of gambling were considered exceptions to the general rule.

Senator Doody: And bingos.

Senator Frith: Bingos were considered an exception to the rule also; quite right.

An Hon. Senator: Except for Catholics.

Senator Doody: I am speaking on behalf of that faith.

Senator Frith: It has seemed to me, as I think it has to some other Canadians, that, even though the principle seemed to be observed or respected more in its breach than in its observance, the general acceptance of the community's moral principles included the principle that gambling is immoral. But the minute the argument was made on behalf of lotteries a change began.

Some of you may be old enough, as I am, to remember the Irish Sweepstakes. They were considered illegal, but nevertheless were practised. They were still an exception to the basic rule. Then lotteries were introduced, first so that we could keep the money in Canada rather than send it to Ireland and so that our society could reap the benefits from having lotteries.

Shortly thereafter, gambling, as supported by the state, was no longer considered immoral; the state itself, which ran the lotteries, was advertising and persuading everyone to gamble—not by saying, "If you gamble we will take your money and use it for good social purposes," but by saying, "Be sure to go out and gamble." The ads on street cars, buses, radio, television and in newspapers were not only saying that gambling is okay but were saying that gambling is very desirable.

That is the end of the moralistic lecture and the end of a footnote to another nail in the coffin of that principle—and maybe the principle has generally lost support and is no longer a question of morality anyway.

Hon. Heath Macquarrie: Honourable senators, I am prompted to speak only because my friend across the way has invoked not only philosophy but also morality.

Senator Doody: Bingo!

Senator Macquarrie: Senator Doody says "bingo." Bingo is not my field, but, as a Presbyterian, I have to bring some response into a moral issue.

I come from that province, Prince Edward Island, which is called the "Kentucky of Canada." As we become increasingly competent in the quality of our horse flesh, we rather like to think that Kentucky is the Prince Edward Island of the great republic. So I am always a little leery if anyone adopts anything that is close to an anti-equine posture.

I am troubled when people talk about nailing coffins down or putting more nails into the coffins, because, as a senior citizen, these things are not quite so funny as when I was 16 or 18. But I respect greatly the principles which people have against playing bingo and any form of gambling.

Senator McElman: The rocky pine coffins!

Senator Macquarrie: But as one who has run many times for public office, I would say that, if having your name on a ballot and putting that out to hundreds or thousands of people and wondering what will come back and how many will be marked with your name is not a gamble, then I do not know what a gamble is.

I do not know how to play poker; I do not even know how to play bridge, but I have been in politics a long time. I am sure that I have been gambling a great deal.

Senator MacEachen: But you got the royal flush!

Senator Macquarrie: I am not troubled about morality. Some people say that life is a gamble. My Presbyterian father would have horse whipped me for saying that. It is all supposed to be ordained, preordained and predestined.

This bill will not upset the morality or the mores of Canada to any great extent. Even the Charlottetown driving park will still be a great attraction for all those people who know good horse flesh and who love the joys of a grand community. My colleague here, the constitutional expert who is my favourite horseman now, has proposed a good bill in a fine way. He is off to a great start!

[*Translation*]

The Hon. the Speaker: Honourable senators, I must inform you that, if Senator Beaudoin speaks now he will close the debate on the motion for second reading of this bill.

Senator Beaudoin: Honourable senators, I have nothing to add really to what I said at the beginning about the motion for second reading of this bill.

Of course, I have taken note of the objections raised. If the Senate agrees to refer this bill to the committee, we will deal with these objections to the best of our ability.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Beaudoin, bill referred to the Standing Senate Committee on National Finance.

[*English*]

WAR VETERANS ALLOWANCE ACT

BILLS TO AMEND—REQUEST FOR SPEAKER'S RULING

On Orders Nos. 2 and 3:

Second reading of the Bill S-3, An Act to amend the War Veterans Allowance Act (Equality of Male and Female Persons).—(*Honourable Senator Marshall*); and

Second reading of the Bill S-4, An Act to amend the War Veterans Allowance Act (Residence in Canada).—(*Honourable Senator Marshall*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I do not want to comment on the substance of these bills in any way, but both Bill S-3 and Bill S-4 are private members' bills. May I ask His Honour, through the Senate, to have the staff vet them to see if they are in an order and form suitable for the Senate to consider? That might save us some wrangling further down the line. I do not know if there are money implications in this or whether it is even within the Senate's purview to consider such bills, but perhaps the Chair could take them into consideration and give us a ruling at a later date.

The Hon. the Speaker: Honourable senators, is that your wish?

Hon. Senators: Agreed.

The Hon. the Speaker: I will rule on that at the next sitting of the Senate.

The Senate adjourned until Tuesday, May 30, 1989.

APPENDIX "A"

(*See p. 252*)

NATIONAL DEFENCE

THIRD REPORT OF SPECIAL SENATE COMMITTEE

THURSDAY, May 18, 1989

The Special Committee of the Senate on National Defence has the honour to present its

THIRD REPORT

Your Committee, which was authorized by the Senate on Wednesday, April 5, 1989, to hear evidence on and to consider the following matter relating to National Defence, namely, Canada's land forces, including Mobile Command, and such other matters as may from time to time be referred to it by the Senate, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

HENRY D. HICKS
Chairman

APPENDIX (A) TO THE REPORT

SPECIAL COMMITTEE OF THE SENATE ON NATIONAL DEFENCE

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD APRIL 3rd TO JUNE 30th 1989

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Wednesday, April 5, 1989:

"The Honourable Senator Hicks moved, seconded by the Honourable Senator Molgat:

That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

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

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

That the Committee report to the Senate no later than 30th June, 1989.

The question being put on the motion, it was--
Resolved in the affirmative."

CHARLES A. LUSSIER
Clerk of the Senate

SUMMARY

Professional and Other Services	**$ 38,000.00**
Transportation and Communications	**1,250.00**
All Other Expenditures	**6,750.00**
TOTAL	**$46,000.00**

The foregoing budget was approved by the Committee on the 18th day of April, 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Chairman, Special Committee of the Senate on National Defence
Henry D. Hicks

Date: April 18, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: May 11, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services

1.	Parliamentary Centre (to provide, for 3 months, on an hourly basis. (See detail below *)	$20,250.00	
2.	One time cost of editing the Report: (See detail below *) English $ 4,000.00 French 7,750.00	11,750.00	
3.	Expenses of Witnesses	6,000.00	$38,000.00

Transportation and Communications

1.	Telegrams and Telephones	250.00	
2.	Postage and Courier Service	1,000.00	1,250.00

All Other Expenditures

1.	Participation at special conferences, seminars and/or speaking engagements by Committee members and/or staff	4,500.00	
2.	Purchase of Stationery, books and periodicals	250.00	
3.	Other expenditures	2,000.00	6,750.00
TOTAL			$46,000.00

OTHER INFORMATION

Previous budget for 4 month period, December 1, 1988 to March 31, 1989:	$ 49,680.00
Remaining in the budget on March 31, 1989:	$37,680.00

*DETAIL

Professional and other Services

ITEM	Monthly rate
Director of Research: 75 hrs. x $65.00 (Gregory Wirick)	$ 4,875.00
Advisor: 5 hrs. x $118.00 (P.C. Dobell)	590.00
Additional Advisor: 5 hrs. x $65.00 (David Lord)	325.00
Research Assistant: 9 hrs. x $40.00	360.00
Secretarial and word processing: 25 hrs. x $24.00	600.00
Total monthly rate:	$ 6,750.00
Total for 3 months:	$20,250.00

French Language Editor
(Chritiane E. Kaisin)

Based upon 400 typewritten, double-spaced pages:

Editing: 135 hours x $50.00	6,750.00
Profreading: 40 hours @ $25.00	1,000.00
	$7,750.00

APPENDIX (B) TO THE REPORT

THURSDAY, May 11, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Special Committee of the Senate on National Defence for the proposed expenditures of the said Committee with respect to its examination of Canada's land forces including mobile command, as authorized by the Senate on Wednesday, April 5, 1989. The said budget is as follows:

Professional and Other Services	$ 38,000.00
Transportation and Communications	1,250.00
All Other Expenditures	6,750.00
TOTAL	$46,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX "B"

(*See p. 254*)

FOREIGN AFFAIRS

FOURTH REPORT OF STANDING SENATE COMMITTEE

THURSDAY, May 18, 1989

The Standing Senate Committee on Foreign Affairs has the honour to present its

FOURTH REPORT

Your Committee, which was authorized by the Senate on Wednesday, April 5, 1989, to monitor and report on the implementation and application in both countries of the *Canada-United States Free Trade Agreement Implementation Act* as well as any other related trade developments, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JOHN B. STEWART
Chairman

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

APPLICATION FOR BUDGET AUTHORIZATION FOR THE FISCAL YEAR ENDING MARCH 31, 1990

AUTHORITY

Extract from the *Minutes of Proceedings of the Senate*, Wednesday, April 5, 1989:

"With leave of the Senate,

The Honourable Senator Frith moved, seconded by the Honourable Senator Stewart (*Antigonish-Guysborough*):

That the Standing Senate Committee on Foreign Affairs be authorized to monitor and report on the implementation and application in both countries of the *Canada-United States Free Trade Agreement Implementation Act* as well as any other related developments; and

That the papers and evidence received and taken on the aforesaid subject before the Committee during the Second Session of the Thirty-third Parliament and the First Session of the Thirty-fourth Parliament be referred to the Committee.

The question being put on the motion, it was--
Resolved in the affirmative."

CHARLES A. LUSSIER
Clerk of the Senate

SUMMARY

Professional and Other Services	**$ 167,562.00**
Transportation and Communications	**4,250.00**
All Other Expenditures	**1,250.00**
TOTAL	**$173,062.00**

The foregoing budget was approved by the Committee on the 2nd day of May 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Chairman, Standing Senate Committee on
Foreign Affairs
John B. Stewart

Date: May 2, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: May 11, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services

1.	Advisor to the Committee 35 hrs. a month at $95.00 per hr.	$3,325.00	
	Counsellor 12 hrs. a month at $121.00 per hr.	1,452.00	
	Assistant Advisor 40 hrs. a month at $63.00 per hr.	2,520.00	
	Assistant Advisor 150 hrs. a month at $37.50 per hr.	5,625.00	
	Secretarial & Word processing 30 hrs. a month at $24.00 per hr.	720.00	
	per month	13,642.00	
	(13,642.00 x 11 months)		$150,062.00
2.	Expenses of witnesses		17,500.00

Transportation and Communications

1.	Anticipated expenses of Senators responding to invitations to speak on the work of the Committee	3,000.00	
2.	Telegrams and Telephones	250.00	
3.	Postage and Freight	1,000.00	4,250.00

All Other Expenditures

1.	Purchase of Stationery, books and periodicals	250.00	
2.	Other expenditures	1,000.00	1,250.00
TOTAL			$173,062.00

FOR INFORMATION PURPOSE ONLY

Budgets approved for the fiscal year 1987-88: $221,749.00
Expenditures: $79,511.00

Budgets approved for the fiscal year 1988-89: $203,228.00
Expenditures: $131,580.37

APPENDIX (B) TO THE REPORT

THURSDAY, May 11, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget present to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect to its examination on the implementation and application in both countries of the *Canada-United States Free Trade Agreement Implementation Act* as well as any other related trade developments, as authorized by the Senate on Wednesday, April 5, 1989. The said budget is as follows:

Professional and Other Services	$ 167,562.00
Transportation and Communications	4,250.00
All Other Expenditures	1,250.00
TOTAL	$173,062.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

THE SENATE

Tuesday, May 30, 1989

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

Prayers.

THE STANLEY CUP

CONGRATULATIONS TO CALGARY FLAMES ON WINNING NATIONAL HOCKEY LEAGUE CHAMPIONSHIP

Hon. Dan Hays: Honourable senators, I should like to draw your attention to an important national event that occurred last week, the winning of the Stanley Cup by the Calgary Flames.

Some Hon. Senators: Hear, hear!

Senator Hays: The truly finest Canadian hockey team today won the Stanley Cup for the first time. I should like to share the pride especially of those 70,000 Calgarians who welcomed the Flames in a parade and ceremony in Olympic Plaza in Calgary. I should like to congratulate them on that win and pay tribute both to those who were responsible for bringing the Flames to Calgary and keeping them there and to all of their wonderful fans.

I would be remiss, however, if I did not also congratulate all of my colleagues from Montreal—Senator Molson, in particular, has long been associated with Le Canadien hockey team—and their fans on such a fine display by Le Canadien.

It was truly a fine series, but the feeling of winning it is incomparable. We are so happy in Calgary that I cannot help sharing with you here today our pride and strong feelings about winning.

Some Hon. Senators: Hear, hear!

Hon. Hartland de M. Molson: Honourable senators, I feel that I must rise to respond in a minor key to the remarks made by our colleague. It certainly was a matter of great regret to all of us from Montreal, who take great pride in Le Canadien, but there comes a time when a team cannot always expect to win. In this case, all through the series with that great team from Calgary, I, for one—and I think a great many others of our supporters—felt that Calgary was just a little bit better than we were this year. I felt that they were half a step ahead of us. I had hoped that we would win by a few miracles. We did receive a couple, but not quite enough. If we had to lose, it was gratifying to lose to a great team from a great city like Calgary.

Some Hon. Senators: Hear, hear!

Hon. Joyce Fairbairn: Honourable senators, in the absence of my colleague from Cape Breton, Senator MacEachen, I should like to recognize the tremendous talent and contribution made to the Calgary Flames team by Al MacInnis from Port Hood, Cape Breton Island.

The series was also noteworthy from the point of view of Cape Bretoners in that there was a talented young man, Mike McPhee, who played for Le Canadien. Indeed, Cape Breton Island was well represented, as was the whole country.

Hon. John M. Macdonald: Pardon me! Don't forget Bobby Smith, who also plays for Montreal and whose father came from the Island.

Some Hon. Senators: Hear, hear!

Senator Fairbairn: All Canadians were captivated by the performance and the skill of Mr. MacInnis, and I should like to make that point on behalf of my colleague, Senator MacEachen.

PRINCE EDWARD ISLAND

CONGRATULATIONS TO PREMIER GHIZ ON WINNING PROVINCIAL ELECTION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, when congratulations were being expressed a few moments ago to the winners of the Stanley Cup, I wanted to add some congratulations in another field, certainly as important but perhaps not as exciting. There was a buffer put between the two items by Senator Doody with his tabling of documents.

With that short preamble, I wish to express congratulations to Premier Ghiz on winning the election and thereby continuing to form the government in Prince Edward Island.

TERRORISM AND PUBLIC SAFETY

FIRST REPORT OF SPECIAL COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

Hon. William M. Kelly: Honourable senators, I have the honour to present the first report of the Special Committee of the Senate on Terrorism and Public Safety, requesting that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see appendix, p. 273.)

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

Senator Kelly: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be now adopted.

Hon. Royce Frith (Deputy Leader of the Opposition): Can Senator Kelly give us a brief explanation of the amounts, without going into detail? The budget is $25,000?

Senator Kelly: Yes, honourable senators. The budget is before you. The organization we are using for research is the one that served the committee two years ago. For the sake of economy and speed, since we are trying to limit the time required to complete this work, the committee felt that that would provide continuity. On the same principle, we are keeping essentially the same membership on the committee.

Senator Frith: What about the intention of the committee to travel to Vancouver and Quebec?

Senator Kelly: The travelling plans are strictly contingent upon the witnesses from the police forces' being requested to come before the committee. The committee has not decided whether it will or will not request such appearances.

Motion agreed to and report adopted.

VETERANS AFFAIRS

CANADIAN VETERANS' ASSOCIATION OF THE UNITED KINGDOM—ELIGIBILITY OF MEMBERS FOR CANADIAN BENEFITS—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, June 1, 1989, I will call the attention of the Senate to a visit to England for meetings with the Canadian Veterans' Association of the United Kingdom with regard to their appeal to the Canadian government to recognize their eligibility for benefits under the War Veterans Allowance Act and the Civilian War Pensions and Allowances Act (residence rule).

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 6th June, 1989, at two o'clock in the afternoon.

With the Senate's permission, I would ask for a moment to explain.

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

Hon. Senators: Agreed.

Senator Doody: Honourable senators, the reason for the adjournment motion I have just moved is simply this: the business we had expected to receive from the House of Commons this week has not arrived. In fact, the Borrowing Authority Bill, which I had hoped and which I had good reason to believe would pass the House of Commons on Friday last, has been sent to a legislative committee there, which is holding its organizational meeting today. The committee will then proceed with the examination of the bill during this week. That is the only piece of government legislation we expected to have before us; since it has not arrived, I think we would be best served by adjourning this week and coming back on Tuesday next to deal with the bill, which should have cleared the other place by that time.

I understand that several Senate committee meetings are scheduled for this week. Of course, this adjournment in no way prevents their meeting; indeed, I would encourage them to do so.

Motion agreed to.

QUESTION PERIOD

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—MONITORING OF SITUATION
TANZANIA—GOVERNMENT WHEAT ENHANCEMENT PROGRAM—REQUEST FOR ANSWERS

Hon. H.A. Olson: Honourable senators, perhaps I should wait until the delayed answers are called, but they usually come at the end of Question Period, making it too late to ask further questions. So, unless you have the delayed answer to my original question, I would like to raise again my question about the wheat development program under CIDA, to which I have not yet received a reply, and my question about whether or not a committee has been set up to monitor the problems as a result of the drought in western Canada. Thousands of cattle have had to be moved already. If these questions are to be dealt with in the delayed answers, that is fine; if not, I would like to hear a further explanation.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I inquired about these questions this morning. As yet I do not have an answer from CIDA concerning the project in Tanzania. There are a number of other delayed answers in the possession of my friend, the Deputy Leader of the Government, and I believe that at least two of them are replies to questions posed by Senator Olson about western agriculture.

Senator Olson: Then I shall wait for the delayed answers and, if necessary, pose my supplementary questions at that time.

• (1410)

THE ENVIRONMENT

STORAGE OF PCBs—REGULATIONS TO REPLACE INTERIM ORDERS

Hon. Colin Kenny: Honourable senators, my question is for the Leader of the Government in the Senate. It has been nine months since the government announced an interim order governing the storage of PCBs. During that time nine provinces have been exempted from those orders because they have provisions deemed to be comparable to federal requirements, rather than the stronger terms necessary to comply with federal regulations.

My question is: When will the government bring into force regulations to replace those interim orders and force those provinces to develop provisions much stronger than those currently in place?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my friend asked a not dissimilar question on May 16 last and the Deputy Leader of the Government will have a reply to that when Delayed Answers are called.

However, if Senator Kenny requires other information, I will do my best to obtain it for him.

STORAGE OF LOW-LEVEL PCB WASTE—GOVERNMENT ACTION TO ELIMINATE

Hon. Colin Kenny: Thank you. I do have a further question. In addition to the 4.5 million litres of dangerous, high-level PCB wastes stored in 2,300 federal or provincial sites, there are at least an additional 650 federal sites which store low-concentration PCB wastes.

Last September the then Minister of the Environment, Tom McMillan, said that he had instructed officials to work with other federal agencies and departments to ensure that no low-level PCB wastes remain in federal sites by the fall of 1989. Can the Leader of the Government provide us with any update on how this plan is progressing?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I believe that question is answered, at least in part, by the reply that will be tabled later in which the minister reports that the federal government has completed the inspection of all federal sites and the provinces have implemented a similar program for non-federal sites.

Senator Kenny: Honourable senators, not having seen the text of the reply, I should like to follow up on this matter, if necessary, after the reply is tabled.

ATLANTIC CANADA OPPORTUNITIES AGENCY

AMOUNTS APPROVED AND SPENT FOR FINANCIAL YEAR 1988-89—REQUEST FOR ANSWER

Hon. L. Norbert Thériault: Honourable senators, would the Leader of the Government in the Senate be kind enough to tell me now whether he has brought in an answer to my question of May 18, 1989?

[Senator Olson.]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): No, honourable senators, not today.

Senator Thériault: Would the Leader of the Government in the Senate make a special effort to obtain answers to those questions?

I understand that a public statement was made in New Brunswick yesterday to the effect that about 1,000 people have been advised that there are no funds to cover the applications for guarantees and loans made to ACOA in the last few months.

Can I count on the minister—who, although he is not responsible for the agency, is the Minister of State for Federal-Provincial Relations—to make a special effort to bring forward answers to these questions?

Senator Murray: Honourable senators, I inquired today and, indeed, a request has gone forward to the agency. I expect to have a reply in the near future.

In fairness, I think I should tell the honourable senator and all our colleagues that the record of the government in replying to questions from the Senate during this session has been quite remarkable. There is only a handful of questions to which answers are still pending, and I have here a list of questions that have been put by honourable senators over the past month or so to which replies have been forthcoming in record time—at least, record time in my experience over the past ten years in this place.

However, I understand my honourable friend's considerable—

Senator Olson: Prior to 1984 the answers came more quickly.

Senator Murray: Honourable senators, I was here prior to 1984 and I repeat my statement that the replies from this government, especially in the past month, have come in record time.

Senator Barootes: Hear, hear!

Senator Murray: However, I do understand the special interest of Senator Thériault in the matters he raised a while back and I will do my utmost to obtain replies to those two questions as soon as possible.

Senator Frith: "The Calgary Flames" of Question Period!

Senator Thériault: Honourable senators, I understand it may take some time and I accept the answer of the minister, but I remind him that in the last four or five years the people of Canada have had enough of this government's harking back to the time prior to 1984. You have now been the government for four years. You have another three or four years ahead of you.

Senator Murray: At least.

Senator Thériault: You should at least take your responsibilities seriously.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have the answers to a number of questions. I will identify them and, if honourable senators wish me to, I will read them; otherwise, I will ask that they be printed as part of today's proceedings.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—AMOUNTS PAID OUT—ADMINISTRATIVE DIFFICULTIES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 4 last by the Honourable Senator Olson respecting Agriculture—Western Canada—Drought Relief Program—Amounts Paid Out—Administrative Difficulties.

Hon. H.A. Olson: I would like to have that read, please.

Senator Doody: The answer reads:

> Delivery of interim payments under the Canadian Crop Drought Assistance Program (CCDAP) is almost complete and has been proceeding on schedule and without delay.
>
> Of 61,637 producers eligible for interim payments under the program, cheques will have been mailed to 56,476 producers by May 19. This amounts to $211.38 million in payments and represents 92 per cent of the interim payments to be made.
>
> The remaining claims have not been paid because of incomplete applications and missing information. These forms will be processed as soon as the required information is available.
>
> CCDAP interim payments are going out under approximately the same time frame as interim payments under last year's Special Canadian Grains Program.
>
> Some delays in the program occurred initially as a result of the time it took the provinces to develop necessary preliminary yield data and as a result of delays in the printing of the personalized application forms. Since then, however, the program has been operating without delay and final payments are expected to be on schedule as well.

TRANSPORT

SHIPMENT OF GRAIN THROUGH PORT OF CHURCHILL, MANITOBA—IMPROVEMENTS OF INFRASTRUCTURE AND GREATER USE OF FACILITIES—REQUEST FOR STATEMENT OF GOVERNMENT POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 10 last by the Honourable Senator Guay respecting Transport—Shipment of Grain through Port of Churchill, Manitoba—Improvements of Infrastructure and Greater Use of Facilities—Request for Statement of Government Policy.

(*The answer follows:*)

> The Port of Churchill as well as the West Coast Ports and the Port of Thunder Bay all experienced grain movements last year which were far below the available capacity and normal throughput levels. This was due in large measure to the drought conditions which plagued the Prairie Provinces last year.
>
> The government has demonstrated its support for the Port of Churchill. Over the past four years, the government has implemented an Economic and Regional Development Sub-Agreement dealing exclusively with Churchill. Some of the elements and costs of this program include:
>
> —$19 million to rehabilitate box cars for use on the Churchill line.
>
> —$14.75 million to improve the port infrastructure. Projects included: removal of asbestos, dust control in the terminal, dredging of the harbour, and construction of a new tug.
>
> With contributions for certain projects being provided by the Province, the port and community have received $93 million worth of improvements in the four year period.
>
> In relation to grain shipments to the port, the Minister of Transport indicated that due to the drought it is unlikely that grain will be shipped through the port this season. The Canadian Wheat Board is responsible for determining export grain shipments at Canadian ports, in order to maximize returns to producers. The Canadian Wheat Board policy remains that if there is grain, and if there is a customer willing to pick up grain at Churchill, then grain will be moved through Churchill. The Minister indicated that the Manitoba Highways and Transportation Minister has directed their officials to work together to discuss the future of the port.
>
> The Minister of Transport has recently indicated, in his announcements on VIA Rail, that rail passenger services to truly isolated communities would not be affected. The Hudson Bay line from Winnipeg to Churchill was listed amongst that group.

SOLICITOR GENERAL

NATURE OF INQUIRY INTO GRANTING OF TEMPORARY UNESCORTED ABSENCE PASS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 10 last by the Honourable Senator Hastings respecting Solicitor General—Nature of Inquiry into Granting of Temporary Unescorted Absence Pass.

(*The answer follows:*)

The pass granted to offender, Daniel Gingras, on June 19, 1987, then an inmate at Edmonton Institution, was an Escorted Temporary Absence and not a "temporary unescorted absence pass" as suggested by Senator Hastings.

The Solicitor General of Canada announced on May 5, 1989, that an independent inquiry into the circumstances surrounding the granting of an Escorted Temporary Absence to Daniel Gingras, an inmate at Edmonton Insitution, had been initiated by Ole Ingstrup, Commissioner of Correctional Services of Canada.

As provided by Section 14 of the *Penitentiary Act* RS. 1985, Chapter P-5, the Commissioner of Corrections may appoint a person to investigate and report upon any matter affecting the operation of the Service.

The Chairman of the National Parole Board has been consulted and is in agreement with the terms of reference.

The original inquiry conducted by the Correctional Services was an internal inquiry.

THE ENVIRONMENT

STORAGE OF PCBs—EXEMPTION OF CERTAIN PROVINCES FROM INTERIM ORDERS—INSPECTION OF SITES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 16 last by the Honourable Senator Kenny respecting The Environment—Storage of PCBs—Exemption of Certain Provinces from Interim Orders—Inspection of Sites. I will read this into the record:

The Province of Newfoundland has regulations for the storage of PCBs.

The Province of New Brunswick has implemented PCB storage requirements through a permit system under its Environmental Protection Act.

British Columbia has legislation in place to address the storage of PCBs and has authority to enforce this legislation.

The federal government has completed the inspection of all federal sites and the provinces have implemented a similar program for non-federal sites.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—MONITORING OF SITUATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 16 last by the Honourable Senator Olson respecting Agriculture—Western Canada—Drought Relief Program—Monitoring of Situation.

The answer reads:

[Senator Doody.]

A federal-provincial committee was set up last year to review the effects of the drought and their recommendations led to the development of the Canadian Crop Drought Assistance Program (CCDAP). The Committee is continuing to meet this year to review the current conditions.

In addition, there are a number of other procedures in place to monitor the drought situation in western Canada. The Prairie Farm Rehabilitation Administration is reviewing factors such as precipitation received and moisture conditions. Environment Canada and the provincial crop insurance agencies are monitoring the situation as well.

Changes in crop insurance will also help to prepare producers for another possible drought. The changes have resulted in higher coverage and an increased enrolment of producers across Canada over last year.

• (1420)

Hon. H.A. Olson: In response to that reply, I have a supplementary question for the Leader of the Government in the Senate. First of all, I wish to thank him for the information conveyed so far; however, I can tell the leader that the producers, in my view, are entitled to an explanation as to why some were classified "moderate" and some "severe", while others were classified by other degrees of drought before the applications were sent out.

The delayed answer quite properly states that some personalized application forms were sent to each of the producers. The fact is, though, that many producers did not receive application forms at all until less than two weeks ago, and those, I presume, are the ones they are now waiting for.

Where the problem arose—and I hope the leader will convey this to his colleague—was in the process of obtaining the background information as to where the severe and less severe drought conditions occurred. That process simply did not work.

To prove that, I know of many cases in which the producers protested and called a meeting, I suppose to inform the PFRA, and those producers were able to persuade the officials that a grave error of unfairness had occurred because of the way the information was gathered. There are still 4,000 or 5,000 producers who have not received any interim payment, and who have not even had an indication of any interim payment.

I would again ask the Leader of the Government to be kind enough to obtain an explanation for those producers so that they will know why they were left out and what will be done to correct the problem.

I know of places, for example, where interim payments were made in one half of a township, while the other half of the township, which was hit just as hard by the drought last year, did not even receive applications.

I can tell the leader that there has been quite a bit of rainfall over the past couple of weeks, but thousands of cattle had to be moved from southern Alberta to central and northern Alberta where there is grazing land. The costs involved in

that were substantial. These people do not expect to receive any more than others, but they certainly should be treated fairly, as the people nearby were.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall make inquiries.

THE ENVIRONMENT

TRANSPORTABLE PCB INCINERATORS—STATUS OF GOOSE BAY, LABRADOR UNIT AND QUEBEC OR ONTARIO UNIT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 18 last by the Honourable Senator Kenny respecting The Environment—Transportable PCB Incinerators—Status of Goose Bay, Labrador Unit and Quebec or Ontario Unit.

(*The answer follows:*)

The Department of National Defence, the proponent for Goose Bay, has prepared the environmental evaluation, health and safety plans, and contract specifications for the mobile PCB destruction unit project. Community relations work and public consultations are in progress, and public open house sessions were held in early April.

Requests for proposals have been called and bids were received at the end of May. It is planned to award the destruction contract in late July and have the contractor on site in October. Work could be completed by March at the earliest and by September 1990 at the latest.

The Goose Bay project is proceeding as a remedial clean-up project involving 3000 tonnes of PCB wastes. The timing is flexible; that is, site access could be gained this year, but it might not be possible to finalize the work by the end of 1989. Public acceptance of the project is crucial and cannot be unduly rushed. Satisfactory progress in consulting the public is being made.

The site in central Canada of the second incinerator will require full public consultation to explain the need to destroy PCBs. Verification of the quantities and locations of PCB wastes, and the inventories of PCBs currently in use by federal departments and agencies, are under way. This information is essential for identifying material types and quantities for destruction and will influence site selection and the size of the incinerator to be leased.

A report outlining site criteria and recommendations for the second central Canada incinerator was submitted to the Minister of the Environment in February by the Canadian Environmental Advisory Council. This report was recently made available to the public. Public Works has prepared a generic report describing the site preparation and operations costs and time schedules for this unit ($8.3M and 29 months). No site selection decisions have been made at this time.

Regulations for controlling emissions from mobile incinerators operating on federal lands have been prepared and are to be Gazetted in June. Public information and consultation strategies are being developed. The regulatory framework and the technologies available to do the work must be fully described prior to beginning site selection work.

The certification of mobile technologies, to ensure that they meet Canadian emission regulations, is being supported by the federal government in co-operation with several provinces.

Announcements regarding potential sites will not likely be made until this fall or early 1990. Consultations have started with several provinces on developing criteria for accepting non-federal wastes for destruction in the federal incinerators.

The Minister of the Environment will be providing the Cabinet with a full report on all aspects of the PCB phase-out and destruction programs in October following the annual meeting of the Canadian Council of Resource and Environment Ministers.

ANSWER TO ORDER PAPER QUESTION

THE ENVIRONMENT

GROS MORNE NATIONAL PARK, NEWFOUNDLAND—RECREATIONAL COMPLEX

Question No. 9 on the Order Paper—**By Hon. Jack Marshall:**

17th April, 1989—What are the names of the six companies who submitted bids to build a recreation complex in Gros Morne National Park in Newfoundland, and the amount of each bid?

Reply by the Minister of the Environment:

The following companies registered bids to construct the recreation complex:

Emory Construction Ltd.	$3,398,682.00
Young's Const. Ltd.	$3,485,781.00
N.D. Dobbin Ltd.	$3,599,226.00
Conwell Const. Ltd.	$3,640,946.00
Coastal Project Mgmt. Ltd.	$3,700,919.00
Beothic Corporation	$3,723,233.00

NATIONAL DEFENCE

THIRD REPORT OF SPECIAL COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report of the Special Committee of the Senate on National Defence (budget re Canada's land forces), presented in the Senate on May 18, 1989.

Hon. Jack Marshall: Honourable senators, I move the adoption of the report.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the tenth report of the Standing Committee on Internal Economy, Budgets and Administration (Senators' post-retirement life insurance), presented in the Senate on May 18, 1989.

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of the report.

Motion agreed to and report adopted.

FOREIGN AFFAIRS

FOURTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fourth report of the Standing Senate Committee on Foreign Affairs (budget re Free Trade Agreement), presented in the Senate on May 18, 1989.

Hon. John B. Stewart: Honourable senators, I move the adoption of the report.

Motion agreed to and report adopted.

The Senate adjourned until Tuesday, June 6, 1989, at 2 p.m.

APPENDIX

(*See p. 267*)

TERRORISM AND PUBLIC SAFETY

FIRST REPORT OF SPECIAL SENATE COMMITTEE

TUESDAY, May 30, 1989

The Special Committee of the Senate on Terrorism and Public Safety has the honour to present its

FIRST REPORT

Your Committee, which was authorized by the Senate on Tuesday, May 9, 1989, to review the recommendations contained in the Report of the Special Committee of the Senate on Terrorism and Public Safety, entitled: "Terrorism", tabled in the Senate on 10th August, 1987, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

WILLIAM M. KELLY
Chairman

That a special committee of the Senate be appointed to review the recommendations contained in the Report of the Special Committee of the Senate on Terrorism and Public Safety, entitled: "Terrorism", tabled in the Senate on 10th August, 1987;

That, notwithstanding Rule 66(1)(b), the Honourable Senators Bosa, Corbin, Fairbairn, Flynn, Hays, Kelly, Kenny, MacDonald (*Halifax*), MacEachen (or Frith) and Murray (or Doody), act as members of the Special Committee and that three members constitute a quorum;

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

That the Committee present its final report to the Senate no later than 30th June, 1989.

After debate,
The question being put on the motion, it was--
Resolved in the affirmative."

GORDON L. BARNHART
Clerk of the Senate

APPENDIX (A) TO THE REPORT

SPECIAL COMMITTEE OF THE SENATE ON TERRORISM AND PUBLIC SAFETY

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD MAY 9th TO JUNE 30th 1989

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Tuesday, May 9, 1989:

"The Honourable Senator Kelly moved, seconded by the Honourable Senator Kenny :

SUMMARY

Professional and Other Services	**$ 22,000.00**
Transportation and Communications	**1,000.00**
All Other Expenditures	**2,000.00**
TOTAL	**$25,000.00**

The foregoing budget was approved by the Committee on the 9th day of May, 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Deputy Chairman, Special Committee of
the Senate on Terrorism and Public Safety
Daniel Hays

Date: May 16, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal
Economy, Budgets and Administration

Date: May 18, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services

1.	Consulting fees Don Gracey of C.G. Management & Communications Inc. (for Research, writing the reports) 24 days at $500 per day		$12,000.00
2.	Review and Editing of the report Review and editing of the report (done by an outside firm) 100 hours at $50 per hour		5,000.00
3.	Witnesses' travel and accommodation Transportation (from Quebec or Toronto)	$300	
	Acc. 1 night at $10	100	
	Per diem 1 day at $40	40	
		$440	
	Transportation (from Vancouver)	$1,120	
	Acc. 2 nights at $100	200	
	Per diem 2 days at $40	80	
		$1,400	
	5 reimbursement requests of approximatively $440 each and 2 reimbursement requests of approximatively $1,400 each		5,000.00 $22,000.00

Transportation and Communications

Postage, courier and telephone	1,000.00

All Other Expenditures

Contingency: to cover unforseen expenses arising out of Committee business	2,000.00
TOTAL	$25,000.00

For Information only

Expenditures of the Special Committee of the Senate on Terrorism and Public Safety from October 1986 to August 1987 = $150,971

APPENDIX (B) TO THE REPORT

THURSDAY, May 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Deputy Chairman of the Special Committee of the Senate on Terrorism and Public Safety for the proposed expenditures of the said Committee with respect to its examination of the recommendations contained in the Report of the Special Committee of the Senate on Terrorism and Public Safety, entitled: "Terrorism", tabled in the Senate on 10th August, 1987, as authorized by the Senate on Tuesday, May 9, 1989. The said budget is as follows:

Professional and Other Services	$ 22,000.00
Transportation and Communications	1,000.00
All Other Expenditures	2,000.00
TOTAL	$25,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

THE SENATE

Tuesday, June 6, 1989

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

Prayers.

PROPERTY QUALIFICATION OF SENATORS

REPORT PRESENTED

The Hon. the Acting Speaker: Honourable senators, I have the honour to present the report of the Clerk of the Senate listing the names of the members of the Senate who have renewed their declaration of property qualification.

COMMITTEE OF SELECTION

FOURTH REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Tuesday, June 6, 1989

The Committee of Selection has the honour to present its

FOURTH REPORT

Pursuant to Rule 66(1)(*b*), your Committee submits herewith the list of Senators nominated by it to serve on the following select committees:

SENATE COMMITTEE ON FISHERIES

The Honourable Senators Adams, Bielish, Bonnell, Cochrane, Corbin, Hicks, *MacEachen (or Frith), Marshall, Molgat, *Murray (or Doody), Petten, Robertson, Rossiter and Thériault. (12)

*Ex officio members.

SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Adams, Atkins, Bonnell, Chaput-Roland, Davey, Graham, Leblanc (*Saurel*), MacDonald (*Halifax*), *MacEachen (or Frith), Muir, *Murray (or Doody), Stewart (*Antigonish-Guysborough*), Spivak and Stollery. (12)

*Ex officio members.

JOINT COMMITTEE ON SCRUTINY OF REGULATIONS

The Honourable Senators Beaudoin, Bolduc, Cogger and Rizzuto. (4)

JOINT COMMITTEE ON OFFICIAL LANGUAGES

The Honourable Senators Davey, David, De Bané, Guay, Ottenheimer, Robichaud, Tremblay and Wood. (8)

Your Committee recommends that the Messages sent to the House of Commons informing the House of the names of the Honourable Senators appointed to serve on the part of the Senate on the Joint Committee on Scrutiny of Regulations and the Joint Committee on Official Languages be as contained in this Report.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*Translation*]

FISHERIES

MOTION TO AUTHORIZE COMMITTEE TO STUDY FISH MARKETING IN CANADA—DEBATE ADJOURNED

Hon. Norbert L. Thériault: Honourable senators, on behalf of Senator Marshall and notwithstanding rule 45(1)(*e*), I move:

That the Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;

That the papers and evidence received and taken on the subject before the Committee during the 33rd Parliament be referred to the Committee; and

That the Committee report no later than October 31, 1989.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*English*]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I missed part of the motion. May I see a copy of it?

The Hon. the Acting Speaker: Please give Senator Doody a copy.

Senator Doody: Isn't this the ongoing study?

Senator Thériault: Yes, it is.

Senator Doody: Honourable senators, I would prefer that this matter be adjourned until the next sitting of the Senate so that we shall all have an opportunity to examine the motion and see exactly what is entailed. In the meantime the committee can have its organizational meeting and prepare itself.

I do not think this matter is so urgent that it needs to be passed today; some senators might wish to have an opportunity to see what it is all about and perhaps comment on it at the next sitting of the Senate.

Senator Thériault: Honourable senators, the chairman of the committee, Senator Marshall, is anxious to get this committee started, because the report should have been completed before the dissolution of the last Parliament. Unfortunately, that report was not completed and, as everyone knows, many things have happened with respect to the fishing industry since that time. Therefore, Senator Marshall asked me to move this motion today, and I assumed that he had cleared it with the Deputy Leader of the Government. Having said that, I hope honourable senators will accept this motion.

Senator Doody: I appreciate the honourable senator's explanation, but I have not had any consultation with anyone on this matter nor have I heard anything about it. Therefore, I would prefer that the debate be adjourned.

On motion of Senator Doody, debate adjourned.

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 13th June, 1989, at two o'clock in the afternoon.

With the Senate's permission, I shall take just a moment to explain.

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

Hon. Senators: Agreed.

Senator Doody: Honourable senators will no doubt recall that the last time we sat I spoke of the probability of our receiving the Borrowing Authority bll from the other place for consideration by the Senate today. That bill did, indeed, find its way out of committee in the other place and has been received by the House for consideration at report stage. However, we have no guarantee that we shall receive the bill this week; indeed, it may not even get here in time for us to consider it during the next several days. Therefore, honourable senators, rather than just sitting around waiting for that particular piece of legislation, I move that we adjourn until next Tuesday.

In the meantime, I know that some of the committees have a busy schedule this week. For instance, I know that the Standing Senate Committee on National Finance has meetings scheduled for tomorrow afternoon, tomorrow evening and Thursday morning to consider legislation that is before it. Also, I understand that there are other committees that will be meeting this week. I would therefore commend to them their work and suggest that this chamber adjourn until Tuesday next.

Hon. Earl A. Hastings: Can the Deputy Leader of the Government give any assurance that the Borrowing Authority bill will be before us next week?

Senator Doody: I can give the honourable senator the assurance that the government would love to have the Borrowing Authority bill before the Senate. He might consult with his friends in the other place and tell us whether or not we shall have it here by that time.

Motion agreed to.

QUESTION PERIOD

CHINA

POLITICAL SITUATION—EFFECT ON ECONOMIC AND COMMERCIAL RELATIONS WITH CANADA

Hon. H.A. Olson: Honourable senators, I wonder if the Leader of the Government can give us an updated report on the situation in China as it affects China's economic activity with Canada? I am not asking for a report on all the events that have been outlined in the news: the brutality, the threat of civil war and so on. There has not, however, been anything in the news recently about what has happened to our economic and commercial relations with China. Perhaps the Leader of the Government could tell us whether there has been any suspension or interruption in that regard.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, since 1981 Canada has encouraged the economic reforms that have been taking place in China, and we certainly hope that the present situation will not interrupt those economic reforms, which, we believe, hold promise for great economic progress in that country.

So far as Canadians are concerned, there are, I believe, some 300 Canadians in the Beijing area and some 300 Canadians elsewhere in China. I am informed that an aircraft from Canadian International Airlines will be in Beijing later today, our time, to evacuate some of the Canadians who are there and that a Canadian armed forces aircraft will be in China shortly thereafter for the same purpose. The Secretary of State for External Affairs advises that we are concentrating on evacuating dependants at the moment and that Canadian embassy staff will be remaining in Beijing at least for the present.

Senator Olson: Honourable senators, does the Leader of the Government have any information on whether there has been, as I said, a suspension of or an interruption in the regular commercial activity between Canada and China? The honourable senator will realize, of course, that this activity has grown very significantly in the last few years. I would like to know whether it has come to a halt.

Senator Murray: Honourable senators, it is too early to make any definitive statement on that matter. The political situation in China is, of course, unclear, to put it mildly, but I do not have an up-to-date report on our commerical relations with or activities in that country.

POLITICAL SITUATION—EFFECT ON CANADIAN GRAIN SALES TO CHINA

Hon. Sidney L. Buckwold: Honourable senators, I have a supplementary question for the Leader of the Government. Some of us in western Canada are concerned about the possible commercial repercussions here of the actions in China, which, I am sure, have horrified all of us. We are worried particularly about the immense contracts for western grain to be delivered to China. China is our largest customer for western grain. It would be a terrible blow to western Canada were anything to happen to contracts to provide grain to that country. I would hope that in any discussion involving possible economic sanctions, or any kind of boycott, or, as we sometimes hear, "cessation of trade relations," the interests of western farmers will also be considered.

• (1410)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I appreciate the point that has been made by the honourable senator, but it would be quite premature at this stage to hypothesize that Canadian grain exports will be affected or, indeed, that it will be necessary for the Government of Canada to take any form of economic sanctions towards the regime in China.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—PSYCHOLOGICAL AND ECONOMIC CONSEQUENCES—CURRENT GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Has the Leader of the Government in the Senate heard any further word concerning the closure of the Canadian Forces Base at Summerside?

Is he aware that the Prime Minister of Canada received a letter from the clergy of the Summerside area detailing how this decision is affecting the social lives of the people in the area and destroying their mental stability because they fear the ramifications of losing their jobs?

It is my understanding that a letter was sent to the Prime Minister stating that we are losing our vision of Canada because the federal government, which has traditionally been concerned with regional disparity, has announced a policy that only takes from but provides nothing for the people. The letter stated that this decision creates further disparity and gives no hope for the future.

Can the Leader of the Government advise whether the Government of Canada has reconsidered its decision with regard to Canadian Forces Base Summerside?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I believe I indicated on a previous occasion, the decision is final; the base will be phased out.

I am not aware of a letter from the clergy of the area to the Prime Minister.

In any case, the efforts of the government are now directed towards alleviating, so far as possible, the economic impact of the base closure on the Summerside area. In that connection, the lead responsibility is with the Minister of Employment and Immigration, Mrs. McDougall, who, as you know, has under her administration a number of programs relating not just to individuals who are affected but also to communities that are affected by this kind of economic dislocation.

We expect to be working closely with the provincial government in Prince Edward Island to ensure that all of the present government programs that are available are brought to bear to alleviate the economic dislocation and to promote economic development in the area.

Senator Bonnell: Does the Leader of the Government in the Senate realize that most of his counterparts in the legislature in the province of Prince Edward Island lost their seats on May 29 and that they all blame it on the decision of the federal government to close the base at Summerside? They blame the Prime Minister of Canada for their defeat. Is the Leader of the Government aware whether those types of supporting comments from provincial counterparts might prompt the Prime Minister to reconsider his decision to close the base? Would he at least support his own party in that province?

Senator Murray: Honourable senators, this has never been a partisan issue. The honourable senator understands the overriding financial imperative that requires us to reduce the growth of the national debt and to reduce the deficit.

The Department of National Defence was required to play its part in that fiscal exercise and the decisions on which bases to close or to cut back were made, as I told the house on an earlier occasion, on the basis of military and defence priorities.

Senator Bonnell: Honourable senators, I have a third question. Doesn't the Government of Canada look at the military

defence priorities and at the economies of the regions of this country from the Atlantic to the Pacific to see that each region gets its fair share, whether it be Prince Edward Island, Newfoundland, British Columbia or Ontario?

When you expand Petawawa to put all these extra troops in that area, it will cost more money for buildings and construction while, at the same time, buildings will be empty in Summerside. There is no saving of any money there. You are also spending $15 million to put in a new mess where there will be no one to eat in the mess. You are spending $8 million to put in a new guardhouse where there will be no one to guard. You are spending millions of dollars to buy new dinghies, but there will be no one to take them out to sea. I do not understand your priority of saving money. I could tell the government how to save the money without closing Summerside.

Senator Murray: Honourable senators, it has always been the case that we try to give due regard to regional development considerations. However, the honourable senator will understand that, when it comes to expenditures of defence dollars, and especially when it comes to devoting scarce financial resources to priority needs, it is defence and military priorities that must come first.

DELAYED ANSWERS TO ORAL QUESTIONS

HEALTH AND WELFARE

THALIDOMIDE VICTIMS AND AIDS-AFFLICTED HEMOPHILIACS—GOVERNMENT POSITION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 16 last by the Honourable Senator Haidasz respecting Health and Welfare—Thalidomide Victims and AIDS-Afflicted Hemophiliacs—Government Position.

(*The answer follows:*)

The federal government is giving very serious consideration to these requests on behalf of thalidomide victims and HIV-infected blood transfusion recipients.

Each group has unique concerns and needs, and the government is very aware of these. In its approach, the government is seeking a response that is fair and equitable to all. No decision has yet been made, but the issue is receiving the Minister of National Health and Welfare's full and earnest attention.

HEALTH

THE SENATE—ANTI-SMOKING REGULATIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 10 last by the Honourable Senator Haidasz respecting Health—The Senate—Anti-smoking Regulations.

(*The answer follows:*)

It is understood that proposals concerning a policy on smoking in the Senate precinct will be considered at a future meeting of the Committee on Internal Economy, Budgets and Administration.

[*Translation*]

QUESTION OF PRIVILEGE

Hon. Pietro Rizzuto: Honourable senators, I wish to inform you that the references to me that appeared in an article published last Saturday in *Le Devoir* and written by Louis-Gilles Francoeur were incorrect.

I would like to point out that Antonio Rizzuto is not my son but my brother, that Corival is not my company and that I am only one of several shareholders.

The article states that Corival operates a quarry in Laval in an area zoned as farmland and that Corival was also involved in what could be referred to as the Laval rezoning affair, and furthermore, that construction materials were unlawfully dumped on land belonging to the city of Laval.

I checked with Mr. Guillaume de Paoli, vice-president of Corival, and here is an extract from the report he sent me:

> 1. The quarry was operating well before the 1978 legislation on farmland zoning.
>
> Before setting up and operating the quarry, our company obtained all the necessary permits.
>
> 2. All the land owned by Corival was acquired before 1975, which precludes any suggestion of speculative transactions in connection with the present debate on rezoning farmland in Laval.
>
> 3. We received a letter from the city of Laval informing us that it was accepting excavation material for land fill.
>
> Contrary to what was reported by *Le Devoir*, we did not obtain coupons giving us access to the fill site in 1987 but in April 1988. When they arrived at the site, our truckers handed the city authorities a coupon and after it was checked, they were allowed to enter the site and dump the material according to instructions.
>
> When a representative of the Environment Department advised us that the city of Laval had no authority to proceed with the land fill, we took the appropriate action and immediately stopped sending our trucks.
>
> Subsequently, we obtained a refund from the city for the remaining coupons that could no longer be used.
>
> At no time did our company believe it was acting unlawfully, since the city of Laval, a public body, was in charge of the operation.

Honourable senators, you will understand that this article tarnishes my reputation and that of individuals involved to a greater or lesser extent in these companies, I hope that *Le Devoir* will have the courtesy to set the record straight as soon as possible. If not, I shall be obliged to act accordingly.

Thank you ever so much for your close attention and for letting me give my version of the facts. I hope that journalist

Francoeur and *Le Devoir* will set the record straight. I hope that journalists will continue to be the people's watchdogs, but I hope that they will not become mad dogs in some cases and try to bite honest people who have absolutely nothing to do with *Le Devoir*'s allegations. I strongly hope that *Le Devoir* will take the necessary action to safeguard the reputation of this newspaper, which has always been the pride of Québecers.

● (1420)

[*English*]

TOBACCO RESTRAINT ACT
TOBACCO PRODUCTS CONTROL ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Stanley Haidasz moved the second reading of Bill S-6, to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act.

He said: Honourable senators, Bill S-6 is the third bill that I have proposed in the Senate in the past three years to control tobacco smoking. We live in a society that values life. We work to protect it; we strive to enhance it; we spend, annually, $46 billion on our national health system to treat our illnesses or to maintain our health; nevertheless, last year tobacco smoking in Canada killed 35,000 people, in spite of the various efforts by the federal, provincial and municipal governments and other bodies. It looks as if we are losing the battle.

However, we should not give up our efforts. We have the opportunity, as legislators, to do more than we have done in the past. The statistics that we read today are very alarming. Recently we have heard that smoke-related lung cancer is the No. 1 killer of women in Canada, having surpassed breast cancer. We have also learned from recent statistics that 330 non-smokers die each year in Canada from lung cancer caused by exposure to second-hand smoke wherever it occurs, whether in the workplace or otherwise.

What is even more frightening, honourable senators, is that the majority of people who smoke begin this destructive habit before the age of 18; that is, before they can vote, before they are considered adults, before they can drive and, in some cases, before they enter high school. This is not just the experimental "sneak a cigarette in the washroom at school" variety.

The Canadian Cancer Society published another revealing statistic, that 10,000 Canadians 15 years of age and younger contract the awful habit of cigarette smoking. Another recent study, entitled "Preventing the Sale of Tobacco to Minors", lays out other facts. That study, which was proposed by a group of health organizations, tells us that in 1985 11 per cent of Canadian grade 7 students and 26 per cent of grade 10 students smoked daily.

A 1986 Gallup Poll determined the following: among 12- to 17-year olds, 19.5 per cent admitted that they had smoked an average of 14 cigarettes daily. In a group of smokers between the ages of 12 and 29, 37.4 per cent tried their first cigarette at the age of 12 years of age or younger and 29.3 per cent smoked their first cigarette between the ages of 13 and 14. Of this group of 12- to 29-year olds, 8.6 per cent first started smoking daily at the age of 12 years or younger and 21.9 per cent at the age of 13 to 14 years. As the Non-Smokers' Rights Association recently reported:

● (1430)

> The tobacco market to Canadian children and adolescents has been identified as a $250 million plus market annually. This industry would have (us) believe that it has no interest in a market of this size; that peer group pressure and parental modelling diminish the importance of advertising and promotion in the onset of smoking among minors.

We have, however, the sad situation where children—many children—are smoking. It is estimated that 200,000 minors join the tobacco market each year in Canada. The tobacco industry knows that and, of course, the industry encourages it. I hope that the Tobacco Products Control Act, which we passed in this chamber only last year, will go a long way towards changing the attitudes of minors by eliminating the advertising that has set the glamorous image of smoking in their minds.

Unfortunately, that act is only one step and its implementation is slow in coming. We still have television programs and movies that feature young, attractive, socially popular and accepted individuals smoking. We still have the prevailing sentiment among minors that it is "cool" to be seen with a cigarette in your hand. I hope, with time, that that image will be reversed. But, above all, I hope that the lack of knowledge about the implications of smoking will be reversed.

The hazards of smoking are clear, if not well disseminated. Last year the U.S. Surgeon General declared nicotine to be a powerfully addictive drug—as addictive as heroin and cocaine. Furthermore, tobacco is the leading cause of preventable ill health and premature death in Canada. Tobacco smoking is the cause of 40 per cent of cancers occurring in Canada, yet most Canadians, regardless of their age, are not fully aware of these and other facts.

Still greater public education on the dangers of smoking is necessary and more effective legislation is needed. But what I would like to address specifically here today concerns minors, since they are the most vulnerable group of our society when it comes to beginning the smoking habit. They are the ones who fall for the sophisticated marketing or the so-called "lures" of smoking. We must protect them. Clearly, as these statistics lead us to conclude, it is far too easy for youths to obtain cigarettes.

The laws on the sale of tobacco products vary from province to province. In Saskatchewan and Newfoundland, for instance, the minimum age for purchasing tobacco is 16. I believe all of these restrictions are inadequate. Therefore, honourable senators, I would urge that the Tobacco Restraint Act be changed to raise the minimum legal age for purchasing tobacco from 16 to 18.

If we are to crack down effectively on the sale of tobacco to minors, we must have a uniform minimum legal age of at least 18 across Canada. The chequerboard approach taken towards the legal age for purchasing tobacco—some provinces prohibit-

ing those under 18 from legally purchasing tobacco and others allowing 16- and 17-year olds to do so—is, at the least, counterproductive. It indicates a lack of united will, a lack of united concern for the health of our citizens, particularly of our young citizens. It does not take a rocket scientist to recognize such scenarios as that of a 16-year old in Saskatchewan buying cigarettes for all of his 15- and 14-year old friends and fellow classmates.

Honourable senators, I therefore urge provinces like Saskatchewan and Newfoundland, with a minimum age of 16, to prohibit the legal purchase of tobacco until the age of 18, at the very least. That is the least we legislators can do to indicate to our youth that we take tobacco sales very seriously.

Clearly, changing the laws on the books is not by itself going to dissuade youths from smoking. Once we raise the age to 18, we must make minors aware of the law. Regulations should be put in place to make mandatory the posting of large signs in prominent places by vendors who sell tobacco products. I have seen stickers on the doors and counters of a few outlets in Ontario reminding minors of the law restricting the sale of tobacco to youths of a certain age. I applaud these vendors and I encourage them to continue in their conviction and vigilance. I also applaud the recent statement by the Canadian Medical Association urging Shoppers Drug Mart, with its chain of stores across Canada, to stop selling tobacco to minors.

I should like to bring to your attention an informal survey of 30 stores in Ottawa and Toronto that took place last summer. It was found that 25 of those stores were selling tobacco illegally to minors. Last September a law student in Toronto, together with other members of an association called the Student Movement Aimed at Restricting Tobacco, tested this further by sending a 16-year old into a drugstore to purchase cigarettes. I remind you that the legal age for purchasing tobacco is 18. The teenager was sold cigarettes in this drugstore on two separate occasions by two different cashiers. When the manager of the store was asked why this happened, he replied, "It was a set-up. That's all it was. Besides, there is no way I can ask everybody for identification. This is a busy place."

However, the law student behind this test felt it proved his association's point. He said, ". . . the law certainly isn't being enforced. We want to get new legislation to stop the sale of cigarettes to kids." And he added, "The laws that we have now are outdated. At present store owners have an economic incentive to disobey the law."

Honourable senators, the law student was referring to the ridiculously low fines levied, in this case in Ontario, on store owners caught selling tobacco to minors. Under the Ontario law stores are fined a maximum of $50 and a minimum of $2 for such offences. Under the federal law a first offence carries a fine of $10; for a second offence it is $25; for a third and subsequent offence the fine is $100.

The Student Movement Aimed at Restricting Tobacco is not alone in its assertion that the fines are too low. Mr. Alasdair McKichan, president of the Retail Council of Canada, said, "It is a fact that the law is not widely known, nor is it enforced in any consistent way."

Clearly, then, we have a challenge before us, a challenge to see that the federal Tobacco Restraint Act, which was passed in 1908, is updated, strengthened and enforced. In addition to raising the minimum legal age for purchasing tobacco to age 18 from age 16, I also propose the following.

First, raise the fines to vendors who break this law from $10 to $100 for a first offence; from $25 to $500 for a second offence; and, in the case of a third and subsequent offence, raise the fine from $100 to $1000.

Second, ban all cigarette vending machines, since there is essentially no means of preventing minors from purchasing cigarettes in this way, because there is no deterrent.

Third, increase the personal liability of minors who purchase tobacco products illegally by raising the penalities in subsection 4(1) of the Tobacco Restraint Act. In the case of a first offence, the current law requires only that the youth be reprimanded. That must be changed to a reprimand plus a $50 fine. For a second offence, the present $1 fine must be increased to $100; for the third and subsequent offence, the fine should be raised from $4 to $500.

• (1440)

Honourable senators, I sincerely hope that we can create a greater public awareness of this very serious problem of smoking by our teenagers.

We in this chamber should consider it a challenge to dissuade minors from smoking. This is important not only for the health of our young now but also for the general health of Canadians in the future, since our young are our future. We must do all that we can to discourage this dangerous, nefarious practice of smoking by trying to implement the proposals I have outlined in Bill S-6. I hope that these proposals will help us to reach our goal.

Some Hon. Senators: Hear, hear!

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if no one else wishes to speak at this time, I will move the adjournment of the debate.

On motion of Senator Doody, debate adjourned.

The Senate adjourned until Tuesday, June 13, 1989, at 2 p.m.

THE SENATE

Tuesday, June 13, 1989

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

Prayers.

[*Translation*]

SCRUTINY OF REGULATIONS

REPORT OF JOINT COMMITTEE TABLED

Hon. Michel Cogger: Honourable senators, pursuant to rule 84, I have the honour to table the report of expenses incurred by the Standing Joint Committee of the Senate and the House of Commons for the Scrutiny of Regulations in connection with its review and scrutiny of statutory instruments during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

FIRST REPORT OF JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Michel Cogger: Honourable senators, I have the honour to present the first report of the Standing Joint Committee for the Scrutiny of Regulations in relation to its permanent reference, section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22.

I ask that the report be printed as an appendix to the *Debates of the Senate* and *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 299.*)

The Hon. the Speaker *pro tempore:* When shall this report be taken into consideration, honourable senators?

On motion of Senator Cogger, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SECOND REPORT OF JOINT COMMITTEE PRESENTED

Hon. Michel Cogger, Joint Chairman of the Standing Joint Committee for the Scrutiny of Regulations, presented the following report:

Tuesday, June 13, 1989

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

SECOND REPORT

In relation to its permanent reference, section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22, your Committee recommends:

That the Standing Joint Committee for the Scrutiny of Regulations be authorized to travel to London, England to attend the Third Commonwealth Conference on Delegated Legislation from November 20 to November 23, 1989 and that the necessary staff accompany the Committee.

Respectfully submitted,

MICHEL COGGER
Joint Chairman

The Hon. the Speaker *pro tempore:* When shall this report be taken into consideration, honourable senators?

On motion of Senator Cogger, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

COMMITTEE OF SELECTION

FIFTH REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Tuesday, June 13, 1989

The Committee of Selection has the honour to present its

FIFTH REPORT

Pursuant to Rule 66(1)(*b*), your Committee submits herewith the list of Senators nominated by it to serve on the following select committees:

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

The Honourable Senators Argue, Barootes, Bielish, Fairbairn, Hays, *MacEachen (or Frith), Marchand, *Murray (or Doody), Olson, Riel, Rizzuto, Rossiter, Sherwood and Spivak. (12)

*Ex officio members.

SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Anderson, Atkins, Austin, Buckwold, Cogger, Davey, Kirby, Kolber, *MacEachen

(or Frith), *Murray (or Doody), Perrault, Poitras, Roblin and Simard. (12)

*Ex officio members.

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

The Honourable Senators Adams, Anderson, Balfour, Hastings, Hays, Kelly, Kenny, Lefebvre, *MacEachen (or Frith), *Murray (or Doody), Olson, Ottenheimer, Poitras and Roblin. (12)

*Ex officio members.

SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Beaudoin, Buckwold, Chaput-Rolland, Doyle, Fairbairn, Flynn, Gigantès, Hébert, Lewis, *MacEachen (or Frith), *Murray (or Doody), Neiman, Nurgitz and Stanbury. (12)

*Ex officio members.

SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

The Honourable Senators Austin, Bonnell, David, Doyle, Gigantès, Haidasz, Hébert, Kirby, *MacEachen (or Frith), Marsden, Marshall, *Murray (or Doody), Robertson and Tremblay. (12)

*Ex officio members.

Respectfully submitted,

ORVILLE H. PHILLIPSL/E*Chairman*

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

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

FISHERIES

FIRST REPORT OF COMMITTEE TABLED

Hon. Jack Marshall: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Fisheries concerning the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

[Senator Phillips]

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

TRANSPORT AND COMMUNICATIONS

FIRST REPORT OF COMMITTEE TABLED

Hon. Finlay MacDonald: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Transport and Communications concerning the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)
REPORT OF COMMITTEE

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Tuesday, June 13, 1989

The Standing Senate Committee on National Finance has the honour to present its

FOURTH REPORT

Your Committee, to which was referred Bill C-7, An Act to amend the Criminal Code (pari-mutuel betting), has, in obedience to the Order of Reference of Thursday, May 18, 1989, examined the said Bill and now reports the same without amendment.

Your Committee however, makes the following recommendation:

After twenty years of government participation in legalized gambling, a federal commission, task force or other body be appointed by the government:

(a) to investigate gambling in Canada including its ethical dimensions;

(b) to examine the future of lotteries, casino gambling, offtrack and teletheatre wagering, and other forms of betting; and

(c) to undertake a study of the costs to the public of the administration of government and of the justice system, and of the potential for crime in the gambling industry, both as operated by governments and by private interests.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Beaudoin, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

NAMIBIA

CURRENT SITUATION—NOTICE OF INQUIRY

Hon. B. Alasdair Graham: Honourable senators, with leave of the Senate and notwithstanding rule 44(2), I give notice that later this day I will call the attention of the Senate to the situation in Namibia.

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

Hon. Senators: Agreed.

[*Translation*]

FEDERAL ELECTION, 1988

THIRD-PARTY ADVERTISING—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Tuesday next, June 20, 1989, I will call the attention of the Senate to third-party advertising during the last federal election.

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 20th June, 1989, at two o'clock in the afternoon.

If it is the wish of honourable senators, I will take a moment to explain.

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

Hon. Senators: Agreed.

Senator Doody: Honourable senators, I have to report that, despite our hopes of last week, the expected Bill C-11, to provide borrowing authority, has not yet cleared the other place. It has reached third reading stage and debate upon the bill will be continued in the House tomorrow. Thursday is another opposition day in the other place so, although there is some chance of receiving the bill, it is insufficient to warrant asking senators to stay here for the rest of this week in anticipation of that bill.

Bill C-2, to establish the Transportation Accident Investigation Board, has reached the report stage in the other place. It will not likely arrive here for our consideration this week. We may receive several other bills next week, but certainly not this week.

Therefore, honourable senators, I think it would be wise if we were to follow the same course of action we have had to follow during the past several weeks, and that is to adjourn today to come back on Tuesday next in anticipation of the arrival of those pieces of legislation. I realize that this is a difficult way to carry on the business of the Senate, but, unfortunately, it is the only option we have open to us at this time. We are fast approaching the end of this part of the session and I would be hesitant not to call senators back when there is so little time for us to debate the bills that will be coming before us.

With a little more confidence this day than I had at this time last week, I then commend to the Senate the study of Bill C-11 when we return on Tuesday.

• (1410)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as Senator Doody has noted, although we are not getting much help from the weather, it is June. In Canadian legislative terms, that means that we are getting close to what would normally be a summer adjournment.

Senator Doody and I have been talking about the potential problem of a legislative jam-up towards the end of this month, resulting in pressure on the Senate not to give the legislation the attention that it deserves because of the need to hurry in order to meet a deadline that is imposed by the rules in the other place. I believe that Senator Doody has been telling his colleagues there, as I have been telling mine, that we, the Senate, do not intend to shorten unduly our consideration of any legislation that comes simply because of the date of June 30 arriving, a date that has been established as a normal adjournment date by the rules of the other place.

I support what Senator Doody has said in support of his motion. I think it is the only reasonable thing to do under the circumstances; so I do not want what I am saying to be taken as complaining about that. However, we should make it very clear now that we will give the legislation that comes to us the same care and expeditious—but not abnormally expeditious—attention that it deserves. If necessary, we will be ready to sit in July in order to fulfil our legislative responsibilities, or, where appropriate, deal with the legislation in the fall.

Senator Doody: I thank Senator Frith for his comments. Someone was kind enough to call my attention to committees, and I should have mentioned that the normal committee duties of the Senate will carry on. The fact that the Senate is not sitting as a body in no way denies the committees their right to meet; indeed, we encourage them to do so.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Finlay MacDonald, with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on Transport and Communications have the power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and

consideration of such bills, subject-matters of bills and estimates as are referred to it.

Motion agreed to.

RULES OF THE SENATE

AMENDMENT OF RULES 5(*b*) AND 67—NOTICE OF MOTION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I give notice that at the next sitting of the Senate I will move:

1. That rule 5(*b*) of the Senate Rules be amended to include "legislative" in the definition of "committee". The new rule 5(*b*) would consequently read:

"committee" means a committee of the whole, a select committee, whether standing, special or legislative, or a joint committee.

2. That rule 67(2) be amended to remove the words "which does not fall within the subject matters assigned to a standing committee under subsection (1)." The new rule 67(2) would consequently read:

Any bill, message, petition, inquiry, paper or other matter shall be referred, as the Senate may decide, to any committee.

3. That the following subsection be added to rule 67:

(3) A legislative committee shall be composed of not more than twelve members.

QUESTION PERIOD

CHINA

POLITICAL SITUATION—EFFECT ON ECONOMIC AND COMMERCIAL RELATIONS WITH CANADA—SIGNIFICANCE OF RECALLING CANADIAN AMBASSADOR FOR CONSULTATIONS—STATUS OF LONG-TERM CANADIAN GRAIN SALES AGREEMENT

Hon. H.A. Olson: Honourable senators, I should like to put the same question to the Leader of the Government as I put last week. I should like to ask him whether there has been an interruption or suspension of our commercial trade relations with China. At the time he replied that it was too early to make any comments on whether there had been any suspension or interruption.

The Canadian government has decided to recall our ambassador. He is coming to Ottawa today. That could have several different meanings so far as the government's intent is concerned. Could the Leader of the Government give us some indication of what the situation is, because a great many people in the part of Canada I come from are keenly interested in whether or not anything will interrupt or suspend our grain sales. Furthermore, a number of gas and oil development contracts are also outstanding in various parts of China. Could the Leader of the Government tell us about those, too?

[Senator MacDonald]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I reported to the Senate last week, there is no question of Canada's suspending current grain sales to the People's Republic of China. The full range of our bilateral programs is currently under review, as are our policies, including such matters as Export Development Corporation lines of credit. These matters are now under review.

As the honourable senator has correctly noted, Ambassador Drake has been recalled for consultations and will be here for a week or ten days, during which time a national round table is being planned for the purpose of bringing together a select group of business leaders, academics and representatives of the Chinese, Canadian and other interested communities to discuss the situation in China and the Canadian response to it.

Senator Olson: Honourable senators, I have a supplementary question.

Could the Leader of the Government in the Senate give us a more specific indication of the significance of the ten-day period? I heard previously that the ambassador intended to be here for about ten days, after which he would be going back to Beijing. A different interpretation is put on that than simply recalling our ambassador for these kinds of reasons.

I would like to ask another question—because I do not know how else to get the answer—and that is whether or not there is an outstanding or current long-term agreement with China respecting grain sales. Is there one that has a year or more to run, or is it a matter for renegotiation now? The fact is that I do not know. We used to negotiate these agreements every three years, but I do not know where it stands at the moment. I would appreciate the Leader of the Government's obtaining that information for us.

Senator Murray: Honourable senators, I shall have to make inquiries.

POLITICAL SITUATION—EFFECT ON BILATERAL EXCHANGES—REQUEST FOR REPORT ON CANADIAN AMBASSADOR'S VIEWS

Hon. Jerahmiel S. Grafstein: Honourable senators, I also have a supplementary question for the Leader of the Government in the Senate on the question of China. The recent events in China are obviously of great concern to all Canadians. Those of us who have spent time in China recently and established personal ties view the situation in a grave and serious manner. However, in light of the Right Honourable Joe Clark's statement on June 5, would the government not consider it counterproductive to cancel visits which might be planned for Chinese officials and others to come to Canada, because these are obviously good opportunities for Canadians to express their concerns about events in China? Otherwise, the government, by foreclosing such visits and exchanges, might find that it is foreclosing these very narrow channels and, thereby, giving those elements in the Chinese government an excuse to lower the "Lacquer Curtain" and further foreclose public and private exchanges of a bilateral nature between our two countries.

• (1420)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I appreciate the point made by the honourable senator, and I do want to make a distinction between steps that are taken to cancel planned meetings and the like and the imposition of permanent sanctions, which we think would be rather premature. I may say that similar actions to those taken by Canada a week or so ago with regard to visits and planned meetings with Chinese delegations have since that time been taken as well by the European Community and just about every western country.

Senator Grafstein: Honourable senators, I should like to remind the Leader of the Government in the Senate that Canada established early relations with China in a way that was unique, certainly on this continent and in Europe, and I would hope that these recent events will be viewed with a great degree of care and caution in order to ensure that the long-standing relationship with China is not prejudiced.

Senator Murray: Honourable senators, once again, I appreciate the point made by the honourable senator, but it is at least equally important that the Government of Canada and the governments of other western countries, on behalf of the people of their countries, express their outrage at what has been happening in China and the oppressive measures that are being taken by the Chinese regime against their own people.

Senator Grafstein: Honourable senators, I would ask the Leader of the Government to advise the Senate immediately upon being briefed by the Canadian Ambassador to China so that we can be apprised of his views on recent events in China.

Senator Murray: Honourable senators, I shall do so.

INDIAN AFFAIRS

SETTLEMENT OF LAND CLAIMS—REQUEST FOR NEGOTIATIONS

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government. On Friday last the British Columbia Court of Appeal upheld an injunction against logging in the Babine Lake area of northwestern British Columbia pending the settlement of Indian land claims in the area. That led to a most commendable comment by the Minister of State for Indian Affairs and Northern Development, the Honourable Kim Campbell, who said that the government, not the courts, should decide the issue of Indian land claims. I hope that that is the policy of the government.

I should like to ask the government leader, in his role as Minister of State for Federal-Provincial Relations, whether he intends to make a renewed effort to take these land claim settlements out of the courts to bring them back to the level of political negotiations; in particular, whether he intends to do so with regard to the Province of British Columbia and, again in particular, whether he would target in this way the long-standing negotiations between the Government of Canada and the Nishga, which have gone nowhere for many years.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that is a very large question and one that I would want to reflect upon before giving a definitive response.

Senator Argue: Bring in a very large answer!

Senator Austin: Honourable senators, I take it that the minister does not disagree with the Honourable Kim Campbell, that negotiation is the way to deal with these issues, rather than leaving them to the courts.

Senator Murray: I do not disagree with my colleague.

THE ENVIRONMENT

GLOBAL INTERDEPENDENCE AS AGENDA ITEM AT SUMMIT MEETING

Hon. Jack Austin: Honourable senators, I have a question on another subject. President Bush has now come clean with a proposed amendment program to the Clean Air Act in the United States. This is a development to which one would want not to object but to offer encouragement.

Can the Leader of the Government in the Senate advise us whether, at the upcoming summit meeting of leaders, the question of the global interdependence of the environment is on the agenda, or, if it is not, whether the Prime Minister will be seeking to put that issue on the agenda?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I can assure my honourable friend that environmental questions will occupy a very prominent place on the agenda of the summit of the leaders of the western industrialized countries, which will be held within the coming weeks.

[*Translation*]

AIR POLLUTION ON PARLIAMENT HILL—PRIME MINISTER'S LIMOUSINE CORTÈGE

Hon. Azellus Denis: Honourable senators, I have a question for the Leader of the Government in the Senate. I don't want to imply that the Leader of the Government in the Senate has no influence with the Prime Minister but he may recall that I had a request he seemed to appreciate. It was to stop the engines of the Prime Minister's limousine cortège parked next door from running constantly, because they are a source of pollution.

I wonder whether the Leader of the Government in the Senate could make new representations to those in charge of the Prime Minister's office and ask the Prime Minister to at least follow the example of the President of the United States with respect to acid rain and order the drivers of the cars in the cortège to turn off their engines, because this summer the pollution index will be very high.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am told that the problem is linked to the limousines' communications system. The reason has to do with security.

In any case, I will make further inquiries. I will try to table a more formal report very shortly.

Senator Denis: Honourable senators, I have another question. Do you really think that the engines should be running constantly for the sake of security? Couldn't the engines be turned off for ten or fifteen minutes? Do the engines of all the limousines in the cortège have to be running constantly? If the purpose is to protect our Prime Minister, one vehicle with its engine running should be enough.

Senator Murray: Honourable senators, I am not an expert in the field. I will repeat what I was told: The communications system between the limousines is in some way connected to the engine.

I will do my best to get a more detailed report for the honourable senator.

Senator Denis: Honourable senators, if the Government behaved better, the Prime Minister would be less at risk.

Hon. Philippe Deane Gigantès: Honourable senators, if my honourable colleagues will allow me, I would like to inform the Leader of the Government that a device exists that has been around for some time. It is called a battery, and stores energy and could be used for the communications system without the engines having to run.

Senator Murray: I want to thank my colleague for his suggestion.

[*English*]

Senator Argue: Try wind power!

TURKS AND CAICOS ISLANDS

STATUS OF REPORT—REQUEST FOR COPY

Hon. Joseph-Philippe Guay: Honourable senators, early last fall the Government of Canada saw fit to give a sizeable grant to the ex-member of Parliament for Winnipeg South to make a study of the land in the sun, the Turks and Caicos Islands. I should like to ask the Leader of the Government in the Senate whether a report has been prepared, and, if not, when the government expects to get a report on his findings.

• (1430)

I would also ask the Leader of the Government in the Senate to present a copy of his report to us here in the Senate so that we may know how beautiful the island is, together with the rest of the items contained in that report. I think all of us would be most interested in seeing such a report.

One of my colleagues seated nearby is also asking if the Leader of the Government has spent all of the money; if not, perhaps the balance could be applied to the deficit.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall make inquiries on all of those matters.

[Senator Murray.]

THE ENVIRONMENT

STORAGE OF PCBs—EXEMPTION OF CERTAIN PROVINCES FROM INTERIM ORDERS—INSPECTION OF SITES—REQUEST FOR CLARIFICATION OF DELAYED ANSWER

Hon. Colin Kenny: Honourable senators, on May 30 of this year the Deputy Leader of the Government in the Senate presented delayed answers provided by the Minister of the Environment to questions I had asked earlier. However, the department did not, in fact, address my questions.

On May 16 of this year my question to the Leader of the Government in the Senate was: Why were nine out of ten provinces exempted from federal PCB storage regulations, despite a clear lack of equivalent provincial regulations? The delayed answer on May 30 stated that Newfoundland, New Brunswick and British Columbia did have regulations, and the latter province also had an enforcement capability.

My question is: Will the government table the documents which show that all nine provinces have both comparable requirements and the capability to enforce them?

Likewise, on May 16 I asked the question: Have all 2,300 federal and provincial storage sites, containing a total of 4.1 million litres of hazardous waste, been inspected to see whether they comply with the interim order provisions? On May 30 the delayed answer was that the federal government had completed the inspection of all federal sites and the provinces had implemented a similar program for non-federal sites.

My question now is: What are the results of those inspections? How many sites have not met the storage criteria, and what is being done about them?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask for a further report from my colleague, the Minister of the Environment.

ANSWERS TO ORDER PAPER QUESTIONS

PUBLIC WORKS

STEPHENVILLE, NEWFOUNDLAND AIRPORT SERVICES BUILDING

Question No. 11 on the order paper—**By Hon. Jack Marshall:**

17th April, 1989—Concerning the planned combined services building at the airport in Stephenville, Newfoundland, (a) has Public Works Canada engaged the services of consultants to provide a topographical survey, which was to have been completed by January 1989; (b) has Public Works Canada engaged the services of consultants to complete a geo-technical survey; and (c) have the consultants' terms of reference for the preliminary design and class "B" estimate been completed?

Reply by the Minister of Public Works:

(a) Yes. The firm Fabax Limited, St. Georges, Newfoundland, has been engaged. Because of the lateness of the award and bad weather, the firm was allowed to delay the survey until the first good weather of spring.

(b) No. Testing and analysis have been done with in-house staff, and Geodrilling Limited was engaged for the drilling only.

(c) Terms of reference are now ready in draft form. A consultant firm is to be hired in June 1989, and class "B" estimates completed by the end of October 1989.

PUBLIC WORKS

UNITED NATIONS PEACEKEEPING FORCES—MONUMENT TO CANADIAN PARTICIPANTS

Question No. 13 on the order paper—**By Hon. Jack Marshall:**

2nd May, 1989—1. Has the Government of Canada approached the National Capital Commission and Public Works Canada to provide a site for a statue commemorating the 80,000 Canadian troops who have served with the United Nations peacekeeping forces?

2. What are the details of planning to date?

Reply by the Minister of Public Works:

Although the site for a statue to commemorate Canada's peacekeepers has not yet been discussed, a Peacekeeping Monument Committee has been formed with representatives of the National Capital Commission, Public Works Canada and various sections of National Defence.

The committee is chaired by Vice-Admiral H.M.D. MacNeil, Deputy Chief of the Defence Staff. The committee will determine the site, scale and nature of the monument as well as selecting a sculptor and overseeing production. It is expected that this project will take 3 to 4 years to complete.

A project director, who will be responsible to the committee chairman, will be named shortly.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

MANITOBA NORTHERN FLOOD AGREEMENT

Question No. 15 on the order paper—**By Hon. Gildas L. Molgat:**

2nd May, 1989—With reference to the Northern Flood Agreement in Manitoba, (a) when did the Federal Government agree to participate; (b) with whom did the Federal Government negotiate this agreement; (c) were the native people directly involved in the negotiations; (d) what financial participation did the Federal Government accept; (e) how much has been paid out by the Federal Government each year since the beginning of the agreement; (f) to whom has the money been paid; and (g) what was the reason for federal involvement in this provincial matter?

Reply by the Minister of Indian Affairs and Northern Development:

(a) The Manitoba Northern Flood Agreement deals with the impacts of hydro development on five bands in Northern Manitoba. After a prolonged period (1972-1977) of study and negotiations, the parties concerned signed the Agreement on December 16, 1977.

The Agreement sets out principles and obligations concerning compensation to the five bands for the loss of use of their reserve land by expropriation and other adverse effects arising from the hydro development. As not all the implications were known at the time of signing the Agreement, it has many uncertainties in the wording and deals with complex jurisdictional issues on environmental matters both on and off reserve lands which require interpretation and negotation.

(b) The Northern Flood Agreement (NFA) was signed by the Province of Manitoba, Manitoba Hydro, the Northern Flood Committee Inc. (NFC) (representing the five Indian Bands of Nelson House, York Landing, Norway House, Split Lake and York Factory) and Canada.

(c) Yes, in April 1974, the five Indian communities formed the NFC to represent their interests. The NFC was an active party in negotiations leading up to the signing of the NFA. Also, the Agreement was reviewed and ratified by each band subsequently.

(d) Under Article 6 of the Agreement, Canada accepted responsibility "to ensure continuous availability of a potable water supply on each of the reserves". In fulfilment of this obligation, the Department of Indian Affairs and Northern Development (DIAND), in March 1988, signed an $88.5 million agreement with the NFA bands which will see an Indian owned and operated company construct water and sewage treatment systems in the communities. This Agreement was ratified in exchange for a twenty-year release of liability against Canada in relation to non-performance of Article 6. The responsibilities beyond 20 years are limited to normal programs. Canada has also participated in a number of other provisions of the Agreement including employment, cultural centres, planning and environmental monitoring.

(e) In total, since the Agreement was executed, the Government of Canada has provided approximately $34.6 million to the end of 1987-88. In addition, Canada has provided to the NFC $12.5 million since 1977 to support their actions against the other two parties. The funds were used for such things as organizational development, studies, legal costs and negotiation dollars.

(f) The expenditures were made to the NFC on behalf of the five Northern Flood Agreement bands. Canada signed and ratified the Agreement pursuant to Orders in Council, in accordance with Section 35 of the *Indian Act* which allows Canada to transfer Indian lands to a "province, authority or corporation" subject to terms that may be prescribed by the Governor in Council. The terms prescribed by Canada are set out in the Agreement.

(g) The federal government is responsible under section 35 of the *Indian Act* for authorizing the taking by

Manitoba Hydro of the reserve lands it required for the project, and to ensure fair compensation for the Indian bands affected.

[*Translation*]

WAR VETERANS ALLOWANCE ACT

BILLS TO AMEND—SPEAKER'S RULING

The Hon. the Acting Speaker: Honourable senators, on May 18 this year, Senator Doody commented that Bills S-3 and S-4 are private members' bills and asked the Chair to decide whether "they are in an order and form suitable for the Senate to consider". He said at the time: "I do not know if there are many implications in this or whether it is even within the Senate's purview to consider such bills, but perhaps the Chair could take them into consideration and give us a ruling at a later date".

The Chair has carefully examined Bills S-3 and S-4 and has concluded that both bills have financial implications.

The main purpose of Bill S-3 is to amend the War Veterans Allowance Act, in order to reduce the age at which a male person becomes entitled to an allowance from 60 to 55, thereby making the age requirement the same for both men and women. The purpose of Bill S-4 is to amend the War Veterans Allowance Act in order to remove the requirement that persons eligible under the Act be resident in Canada.

One bill is aimed at amending the legislation in order to equalize the age requirement by reducing the requirement for men, thus creating an increased need for funds to deal with the greater number of eligible recipients; as for the other bill, its purpose is to amend the Act in order to remove the Canadian residence requirement, thus increasing the number of eligible recipients.

In the Chair's view, it is clear that both bills impinge on the financial prerogative of the Crown. *Erskine May*, 20th Edition, says at page 766:

> The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication to which the royal demand or recommendation is attached must be treated as laying down *once for all* (unless withdrawn and replaced) not only the maximum amount of a charge, but also its objects, purposes, conditions and qualifications. In relation to the standard thereby fixed, an amendment infringes the financial initiative of the Crown, not only if it increases the amount, but also if it extends the objects and purposes, or relaxes the conditions and qualifications, expressed in the communication by which the Crown has demanded or recommended a charge. This standard is binding not only on private Members but also on Ministers whose only advantage is that, as advisers of the Crown, they can present new or supplementary estimates or secure the royal recommendation to new or supplementary resolutions.

[Senator L..]

There are several precedents where Speakers of the House have ruled against bills or amendments to bills that infringed on the Crown's financial prerogative. I refer senators to page 576 of Speaker Lamoureux's decisions and page 166 of Speaker Jerome's decisions.

I would like to quote two similar decisions to you. On September 13, 1973, the Speaker of the House of Commons rendered the following decision on a bill to amend the Family Allowances Act:

> Since the hon. member's bill is not accompanied by a recommendation of the Crown, it cannot be put to the House at this time. I refer the hon. member to Citation 249(1) of Beauchesne's Fourth Edition. The principle explained there is further confirmed by Citation 250 as follows: "If any motion, or bill, or proceeding is offered to be moved, whether in the House or in a committee, which requires, but fails to receive, the recommendation of the Crown, it is the duty of the Chair to announce that no question can be proposed upon the motion, or to direct the withdrawal of the bill."

On June 6, 1980, the Acting Speaker of the House of Commons made the following statement on a bill to amend the Unemployment Insurance Act with respect to maternity benefits:

> When a private member's bill provides for an extension in the benefit period, for an enlargement of the class of possible claimants, or for an increase in the benefits payable under the act, the charge on the Consolidated Revenue Fund would consequently be increased. Therefore, in my view, any such bill would be a "money bill" which must be introduced by a minister of the Crown and accompanied by the recommendation of the Governor General.

[*English*]

With respect to senators' initiating money bills, the Chair must draw the attention of the Senate to the following excerpt from *Bourinot's Parliamentary Procedure*, Fourth Edition, pages 412-413.

> The recommendation of the Crown to any resolution involving a payment out of the Dominion treasury must be formally given by a privy councillor in his place at the very initiation of a proceeding, in accordance with the express terms of the 54th section of the British North America Act, 1867, and in conformity with the practice of the English House of Commons . . .
>
> Though the recommendation of the Governor General cannot be formally given in the Senate to a motion involving money,—since such matters must originate in the Commons—yet that House has a standing order which forbids the passage of any bill which, from information received, has not received the constitutional recommendation.
>
> 70. "The Senate will not proceed upon a bill appropriating public money, that shall not, within the knowl-

edge of the Senate, have been recommended by the Queen's representative."

Honourable senators should note that rule 70 has been renumbered and is now rule 62.

For these reasons I must rule that Bill S-3 and Bill S-4 are out of order.

Orders discharged and bills withdrawn.

● (1440)

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Petten) (8th and final day of resuming debate)*

Hon. Peter Bosa: Honourable senators, first I should like to congratulate the mover and the seconder of the Address in reply to the Speech from the Throne for their eloquent presentations. I should like to take part in this address and make a few remarks with respect to foreign policy.

Canadians have come to expect over the past 40 years a Canadian foreign policy that is charged with activism, new ideas and leadership in the world. This was the legacy of the Pearson years, whether he was Secretary of State for External Affairs, Leader of the Opposition, or Prime Minister. It was also the legacy of Mr. Trudeau's long prime ministership. The foreign policy of the present government is, above all, marked by lethargy, staleness, confusion and a belated "me too-ism".

The role of Lester Pearson in the development of United Nations peacekeeping is so well known that it doesn't need detailed recounting here. He was involved in the whole history of the United Nations' early experiments in peacekeeping, including the dispatching of observers to troubled parts of the world that were seeking assistance and his Nobel Peace Prize-winning efforts to resolve the Suez crisis through the creation of an international emergency force to separate the combatants and to supervise the terms of the truce. This technique of stabilizing a dangerous situation with neutral forces acceptable to both sides of a dispute was to be used again in the Belgian Congo and in Cyprus.

Pearson was also an eloquent spokesperson for the interests of those countries emerging or recently emerged from colonialism. He was involved in the birth of Canada's development assistance programs to the underdeveloped world—in 1950 he was Canada's chief spokesman at the Commonwealth Conference in Colombia. He always stressed the need to be forthright about the political objectives of aid, but was uneasy about the use of aid as a crude, ideological weapon. His thinking on the subject looked forward to modern concepts of developmental assistance, because it blended equal amounts of political realism and humanitarian idealism.

Aid was no way to buy friends any more than it was "guilt money". It must relate to the development of the recipient nation as an enlightened mutual effort of material and cultural advancement. Shortly after his retirement from the prime ministership in 1968 he became chairman of the Commission on International Development, which was an independent task force of world leaders and "eminent persons" set up at the instigation of Robert McNamara, president of the World Bank. Thus Pearson helped Canadian and world attitudes toward international peace and development until his untimely death.

The Trudeau government built on this solid legacy and brought in fresh ideas of its own. In 1968, by Order in Council, the old External Aid Office became the Canadian International Development Agency (CIDA), under Maurice Strong, who was its first president. Between 1968 and 1984 the budget for official development assistance grew enormously from about $250 million to nearly $2 billion. CIDA proved to be an innovator from the beginning. In 1968 it created a non-governmental organizations program, which was the first official agency in the industrial world to establish such a cooperative program between government and private, voluntary agencies working in developing countries. Government policy encouraged more and more Canadians to become personally involved in international development activities. An indication of the success of this approach is the phenomenal growth in non-governmental participation and funding. In 1968 CIDA disbursed some $5 million to 50 projects by 20 volunteer organizations. By 1984 over 200 projects were receiving funds from CIDA, to the tune of nearly $150 million.

In 1975 the government's attention to North-South concerns reached a new milestone with the publication of the progressive and forward-looking *Strategy for International Development Cooperation 1975-1980*. The following year the North-South Institute was founded in Ottawa to provide independent research on international development policy. Canada took a leading role in the Paris North-South Conference (1975-77) on International Economic Cooperation in urging constructive responses to the South's call for a new international economic order. In 1977 Canada made the concrete gesture of cancelling the official aid debts of 12 least-developed countries. North-South issues had established their place on the national agenda.

After the Trudeau government returned to power in 1980, one of its first moves was to create the Parliamentary Task Force on North-South Relations. The next year Mr. Trudeau became a prime mover of the Cancun Summit on North-South dialogue, along with Mexican President Jose Lopez Portillo.

Questions about Canada's role in promoting international human rights and democratic development were added to the more traditional themes of Canada's mutual interests in poverty alleviation and political stability. Canadian policies and programs never stood still, as the government was constantly responding to changing circumstances and to concerns raised through the increasing engagement of the private and voluntary sectors.

Prime Minister Trudeau also broke new ground in the reach for international peace and disarmament. Canada was among the first countries of the western world to recognize communist China and to develop a policy of drawing its government into world affairs in a responsible way. Through an exchange of ambassadors with the Vatican, his government formally recognized the role for good that the modern Catholic Church could play in international peace and development.

Prime Minister Trudeau and his governments not only continued the Canadian policy of abjuring nuclear weapons but also launched a number of initiatives to encourage nuclear disarmament and thus help to prevent a nuclear holocaust. Canada withdrew her armed forces from any nuclear role in Europe and replaced the nuclear-capable aircraft that was assigned to the defence of North America with sophisticated, but conventionally armed, aircraft. Canada thus became the first country to choose to divest itself of nuclear weapons.

In his speech of May 26, 1978 to the United Nations General Assembly's Special Session on Disarmament, Prime Minister Trudeau identified the "technological impulse" that lies behind the development of strategic nuclear weapons as a dangerous and destabilizing factor in the nuclear arms race between the superpowers. Each new weapons system raises concerns about a disarming first-strike capability, about verification and about the erosion of the difference between nuclear and conventional warfare. To counter this threat, the Prime Minister proposed four concrete measures, which, taken together, would curb the technological dynamics of the nuclear arms race and buy time for further negotiations leading to actual reductions in nuclear arsenals. It was a tribute to the stature of the Prime Minister as an international statesman that his "strategy of suffocation" was substantially embodied in the *Final Document* and *Programme of Action* of the Special Session as paragraphs 50 and 51.

● (1450)

Toward the end of his prime ministership relations between East and West, between the Soviet Union and the United States, had deteriorated to a dangerous degree under the impact of the Soviet invasion of Afghanistan and the needless shooting down of a South Korean civilian airliner which strayed over Soviet territory. The Prime Minister publicly decried the latter incident, which claimed 269 lives, calling it an illustration of the danger of hair-trigger reaction in the nuclear age. Internationally and in Canada public opinion was increasingly concerned about the build-up of nuclear missiles in Europe at a time of growing Soviet-American animosity. There was an inarticulate demand that someone do something to arrest the downward spiral toward a confrontation of the great powers.

After a period of study and consultation, the Prime Minister announced his final peace initiative in a speech on October 27, 1983, to the Conference on Strategies for Peace and Security in the Nuclear Age. That speech expressed the conviction that "just as war is too important to leave to the generals, so the relationship between the superpowers may have become too charged with animosity for East-West relations to be entrusted to them alone." While the two-track response of NATO to the Soviet build-up of SS-20 missiles in Europe remained valid, he proposed a "'third rail' of high-level political energy to speed the course of agreement." In his tour of western European capitals in early November Prime Minister Trudeau began the process of attempting to organize the political will necessary to break the stalemate in East-West relations.

[Senator Bosa.]

The Prime Minister's initiative gave ordinary people all over the world and on both sides of the Iron Curtain a glimmer of hope at a time when there seemed to be a mood of growing hopelessness over the nuclear issue and the threat of nuclear holocaust. He established a foundation for the injection of high-level political willpower into the process of rebuilding confidence and negotiating arms limitation agreements. He encouraged, indeed, partially forced the great powers, however willingly or reluctantly, to consider a concrete proposal for a five-power summit conference and specific measures of nuclear arms limitation, despite their mutual rivalries and animosities.

My Senate colleague, Allan J. MacEachen, now Leader of the Opposition, was serving as Secretary of State for External Affairs during the Trudeau peace mission. It was he who urged Trudeau to postpone any election plans until a visit to the Soviet Union could be arranged and included as part of that mission. Senator MacEachen upheld Canada's image as a peacemaker throughout his tenure at External Affairs. He served in that portfolio on two occasions, from 1974 to 1976 and from 1982 to 1984. He brought a strong voice of reason to the conflict in Central America, publicly distancing Canada from the interventionist policy of the United States. He strongly supported the Contadora peace process through which Central American nations set out to solve their regional problems on their own. During his first stint at External Affairs in the 1970s Senator MacEachen succeeded in proclaiming Canada's 200-mile zone during the United Nations Law of the Sea meetings. This single measure has done more to ensure the future economic viability of the maritime provinces than any other step taken in our history.

The statesmanship, ideas and leadership of Prime Ministers Pearson and Trudeau created a knowledgeable and concerned foreign affairs constituency among Canadians, a constituency the current government risks discouraging with its inactivity and its South African fiasco. There is more to the conduct of foreign affairs than a series of photo opportunities and public relations statements delivered in a melodious voice.

The headlines for the past few months have been particularly disturbing. Here are a few examples that come to mind:

> 11 February—"Beyond Washington" by Jeffrey Simpson, *The Globe and Mail*
>
> 18 February—"Ottawa Struggles to Cope with Changing World" by Tim Harper
>
> 24 February—"Silent North Needs a Voice", unsigned editorial, *Edmonton Journal*
>
> 24 February—"Asleep at the Wheel", unsigned editorial, *The Globe and Mail*

13 March—"Canadian Foreign Policy is Drifting" by John Harbon

17 March—"Dance of the Political Veils", unsigned editorial, *The Globe and Mail*

25 March—"In a Foreign Policy Vacuum", unsigned editorial, *Toronto Star*

25 March—"So Timid on Policy", unsigned editorial, *The Globe and Mail*

27 March—"Foreign Policy Role Troubling" by W.A. Wilson, *The Globe and Mail*

16 April—"Canada Has Lost International Clout" by Gerald Caplan, *Toronto Star*

29 April—"Middle-of-the-road Canada a World Leader in Complacency" by Keith Atkinson

25 May—"Pattern of Confusion, Inconsistency Still Stamps PM's Foreign Policy" by Paul Koring

The articles I have just mentioned and more all make the same point: Revolutionary change is sweeping the world—the Soviet Union and eastern Europe, the Peoples' Republic of China, the Middle East, Central America, the relations between the superpowers, between the Warsaw Pact and NATO. There is great hope for real disarmament and arms control agreements. After a vigorous campaign, Canada won a seat on the Security Council, where, for a relatively short period of time, we will be in a position to influence world events.

What has been and still is the response of the government to these changes? Silence, tardiness, staleness, confusion and outright contradiction. These are not the conclusions of the politically partisan but the conclusions of experienced professionals with a long-term interest in world affairs and an abiding belief that Canada has exercised in the past and can continue to exercise in the future some measure of influence on the course of world events.

After five years at the helm it is time this government took a firm grip on foreign policy and started building on the foundation of its predecessors. Canada has played an important role in the international community for many decades. World-wide junkets and photo opportunities are no substitutes for a consistent, vigorous and flexible foreign policy. Canadians know the difference. They expect leadership, new ideas and tangible results. Mr. Mulroney and his government would do well to heed the aspirations of Canadians in foreign policy.

Some Hon. Senators: Hear, hear!

• (1500)

Motion agreed to and the Address in reply to the Speech from the Throne adopted.

On motion of the Honourable C. William Doody, ordered that the Address be engrossed and presented to Her Excellency the Governor General by the Honourable the Speaker.

FISHERIES

COMMITTEE AUTHORIZED TO STUDY FISH MARKETING IN CANADA

Leave having been given to revert to Order No. 5:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Kirby:

That the Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;

That the papers and evidence received and taken on the subject before the Committee during the 33rd Parliament be referred to the Committee; and

That the Committee report no later than October 31, 1989.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I believe that Senator Marshall, the chairman of the Fisheries Committee, would like to have this matter dealt with, and I have no objection to doing so.

The motion is that the Standing Senate Committee on Fisheries be authorized to examine the marketing of fish in Canada. I understand that the committee has had its organizational meeting and is prepared to proceed. This is the study that has been under way for some time.

Motion agreed to.

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—DEBATE ADJOURNED

Hon. Allan J. MacEachen rose, pursuant to notice of Tuesday, April 18, 1989:

That he will call the attention of the Senate to the Budget Statement of the Minister of Finance.

[*See p. 301 for corrections*]

He said: Honourable senators, when I advised the Senate on April 18 that I would call the attention of the Senate to the budget statement of the Minister of Finance, I did not foresee at the time that it would become such an ill-starred document and that it would be virtually impossible for days, if not weeks, to concentrate on the substance of it, which is what I am proposing to do in my remarks this afternoon.

The budget presented belatedly in the House of Commons on April 27 by the Minister of Finance undoubtedly disappointed or dismayed Canadians, but I do not think it shocked them at all. They may have been somewhat shocked at the mismanagement of the government as events unfolded on April 26 and 27, but they were not shocked by the contents of the budget.

In the weeks immediately preceding the budget the government, with the assistance of the BCNI, carefully laid the ground work for the measures unveiled by Mr. Wilson—measures that were certainly not discussed during the election campaign by the minister, who had proudly proclaimed, "I have told Canadians exactly where things stand." While tell-

ing taxpayers exactly where things stood in the fall of 1988, the Minister of Finance did not tell them that they would soon be conscripted for an assault on the deficit—a deficit that he had previously claimed had been brought under control.

A privileged few, however, were much better informed than most of us as to what the budget contained—indeed, they had full knowledge of it before Mr. Wilson rushed to deliver the main points to the media. The news had gone stale by the time the Minister of Finance appeared in the House of Commons to table the budget. Although it is tempting, my purpose is not to review in detail the matter of the budget leaks. I simply want to make the point that, here again, Canadians had no reason to be particularly surprised as these events unfolded. An interesting article by Mary Janigan, published in the April 1989 edition of *Canadian Business*, pointedly recalls that this government deliberately leaked budget information in previous years:

> Senior finance department officials recall that they leaked every major detail in the February, 1987, and February, 1988 budgets. "We even leaked the deficit level in 1987 because we wanted a clear field for tax reform in the spring," says a senior official. Adds Douglas Peters, senior vice-president at the Toronto-Dominion Bank: "I talked to a senior official after the (1987) budget and told him that he had leaked everything, there were no surprises. He said, "That's right. If nobody is talking about it a week from now, it will be a huge success."'

Well, the success is not so huge this year, and everybody is still talking. It is difficult not to feel sympathy for the Minister of Finance. But the minister may not have been the victim of what the Prime Minister has described as a crime. He may now simply be reaping the ultimate benefits of a Conservative practice in handling federal budgets. That, however, is a separate story.

Honourable senators, I want to focus today on the budget and, since the assault on the deficit is its central feature, I wish to begin by taking a look at Mr. Wilson's deficit record during the last four years and the mythology that he has worked so hard to create.

When the Conservatives came to office in September 1984, they were quick to condemn the economic management record of the outgoing Liberal government. Economic renewal was the slogan used as a heading for the major economic budgetary and financial policies of their first term of office.

At the outset of their second term it should now be our turn—indeed, our duty—to pass judgment on what they have accomplished or failed to accomplish during the four preceding years. Their record, rather than their good intentions, is now the measure of their credibility.

● (1510)

The record, however, is more than an economic record. It is also a record of the perception the government has attempted to craft. The government is, without doubt, a master architect of mythology. "Image is reality" is the precept they have lived by, the precept that continues to inspire all their actions. Though an image may have a reality of its own, it cannot obliterate another reality that is all too well known to Canadians—the reality of taxes, expenditures, deficits, debt and interest rates. That is the reality that we must look at; that is the record to be reviewed and judged.

The government has done its very best, of course, to protect the image. Many government economic publications now have a partisan flavour. The picture of progress is blown up; problems, let alone failures, are ignored; and the statistics presented do not provide an adequate basis for comparison and judgment. That the government should have co-opted so many civil servants into singing its praises is presumably another aspect of Canada's renewal.

The first myth that was so carefully crafted is that in 1984 the government inherited an economic disaster brought about by inept economic management.

The diagnosis contained in a document of November 8, 1984, entitled, "A New Direction for Canada", refers to "poor economic performance", "soaring government deficits", "rising unemployment", "intrusive government", "sluggish economic growth", "an economy dangerously off-course", "increasing regulation" and the "sapping of creative energy". This document concluded with this simple condemnation:

> A major reason for our poor performance has been the failure of the Government of Canada to deal with the real problems. For too long the Government has ignored the causes of the problems and has dealt only with the symptoms.

It may not have been possible to rebut that statement in that period of euphoria, but certainly it is possible to rebut it at the present time. The truth of the matter is that the Conservative government inherited a surging Canadian economy, which had rebounded sharply from the worst recession since the war.

In 1984 the economy grew at a rate of 4.7 per cent in real terms, a rate of growth not equalled in subsequent years. Unemployment rates had started to decline from their recession peak of about 13 per cent to approximately 11 per cent. Our merchandise trade balance had a healthy surplus of close to $20 billion, a near record level, against a non-merchandise deficit of about $17 billion, leaving a positive balance of about $3 billion. If you examine the Minister of Finance's document entitled "Canada's Economic Prospects of the 1990s", you will find that the minister tells us that in the last quarter of 1988 the current account deficit was $17 billion.

In 1984 inflation averaged 4.4 per cent, the lowest since 1971. Interest rates had dropped to approximately 11 per cent from their precipitous pre-recession levels. The world economic outlook was favourable. Indeed, the government could take such a positive view of economic prospects that in November 1984 its projection of real economic growth was 3.5 per cent over the years 1986 to 1990. That was the disaster; that was the effect of Liberal mismanagement; that was the economy so badly in need of renewal.

We all know, if we remember our recent economic history, that stagflation in the late 1970s and the sharp 1981-82

recession had left over some issues of government financial management; in particular, budget deficits and the resulting accumulation of national debt.

In order to put these issues into proper perspective we have to recall how they came about. In the fiscal year 1974-75, ten years before the Conservatives came to office, the budgetary deficit stood slightly under $2 billion, or 1.3 per cent of the GNP. The gross public debt was $52 billion, and the gross public debt charges were $3.2 billion, or 6.2 per cent of the gross debt.

On the eve of the recession, in the fiscal year 1980-81, the budgetary deficit was $13 billion, or 4.4 per cent of the GNP. Public debt was $120 billion, and debt charges were over $10 billion, or 8.9 per cent of the gross debt.

Stagflation, fuelled by oil price increases, was at the heart of this deterioration. Budgetary revenues stagnated, while expenditures increased sharply, as the government reduced the harsh effects of inflation on the Canadian population by various indexation measures applicable to personal income tax exemptions and tax brackets, family allowances and old age security. The public debt charges rose with the historically high level of interest rates required for killing inflationary expectations.

Of course, the situation worsened with the 1981-82 recession. Revenue continued to stagnate, while statutory expenditures and counter-cyclical expenditures soared.

In his budget statement, tabled in the House of Commons on April 27, the minister said, on the first page:

> When I became Minister of Finance, the $18 billion debt had risen to nearly $200 billion. And the annual deficit was more than $38 billion.

That is not quite the case. That is at a level of inaccuracy that has increasingly begun to characterize statements made by the Minister of Finance. To say "When I became Minister of Finance the annual deficit was more than $38 billion" is not at all accurate. The former Minister of Finance, Mr. Lalonde, in February of 1984, projected a deficit for the fiscal year 1983-84 of $31.5 billion, and the deficit which he projected for 1984-85 was $29.6 billion.

In the fiscal year 1983-84, the last full year of Liberal government, the budgetary deficit came in at $31.7 billion, or 8.1 per cent of the GNP. The gross public debt was $196 billion, and the gross public debt charges were $18.1 billion, or 9.3 per cent of the gross public debt compared to 10.4 per cent the previous year. The 1.1 per cent reduction reflected lower interest rates.

During these four years, including years of severe economic adversity, the gross public debt increased by a total of $58 billion.

Two points stand out clearly from these facts and figures. First, the economic situation in 1984 had dramatically improved. We were in quite different circumstances, without stagflation and with the recession behind us. Second, the policies carried out by the Liberal government had sheltered Canadians from the worst effects of inflation and recession and had produced an early and strong recovery, in keeping with the opportunity offered to us by a strongly expanding American economy.

● (1520)

In brief, the policies developed by the Liberal government during the early 1980s protected Canadians from the ravages of the worldwide recession to the fullest extent possible, while setting the stage for a strong recovery. It would have been legitimate for a new government in 1984 to take issue with these policies on the ground that they had now successfully run their course. But the Conservatives did not choose that option. They chose to rewrite history and to build up the myth of economic disaster and ineptitude.

The number of believers in this mythology is undoubtedly declining at the present time, but it is useful to state again and again the facts, the figures and the record, which are the true materials of history.

In 1984 few people could have been better equipped than the new Prime Minister to deal with deficits and debts. He had a plan.

Various statements made by the Prime Minister in 1983 and 1984 revealed, *inter alia*, that he would begin by cutting government spending "everywhere and under every circumstance"; that he would freeze taxes; that "the goal would be lower taxes." The Mulroney program, according to a data resources model, would reduce the federal deficit to $3.1 billion by 1990, a target the Prime Minister himself was confirming in July 1984, other economic factors standing equal. As we know, most factors subsequently improved. Thus, with the original prime ministerial plan, we should now be approaching a budget deficit of about $3 billion in fiscal year 1989-90.

By the time of the first Conservative budget in May 1985 this program had been somewhat scaled down. Mr. Wilson said in that budget speech:

> I am implementing a clear and realistic medium-term plan to control our debt ... our actions will directly reduce the annual deficit at the end of the decade by more than $20 billion.

The budget deficit for fiscal year 1984-85 was then estimated at $36 billion—it turned out to be $38.3 billion; the deficit target for 1985-86 was set at $33.8 billion. For the 1990-91 fiscal year the Wilson medium-term plan called for a decrease in discretionary spending of over $20 billion, thus reducing the projected 1990-91 deficit from its anticipated 1985-86 high of $36 billion to $16 billion. However, that was still $13 billion more than the original prime ministerial plan.

By the time of the February 1986 budget Mr. Wilson announced that the budget deficit had been reduced from $38.3 billion in fiscal year 1984-85 to $34.4 billion in 1985-86, a reduction of less than $4 billion. For fiscal year 1986-87 the deficit target was set at $32.7 billion, and for 1990-91 at $22 billion.

Just a year after its launch the "clear and realistic plan" was lurching off the rails. The 1985-86 deficit was $600

million higher than planned, and the 1990-91 deficit target had been raised from $16 billion to $22 billion.

That derailment was confirmed by the 1987 budget, which planned for a fiscal year 1987-88 deficit of $29.3 billion. The possibility of reaching the revised $22 billion deficit target for 1990 was evaporating. Revealingly, the deficit projections contained in the 1987 budget stopped at fiscal year 1987-88.

The 1988 budget presented an even clearer picture. The deficit forecast for 1988-89 was set at $28.9 billion. No projection was given for the 1990-91 fiscal year, but for 1989-90 the deficit was forecast at $28.6 billion. That was a long way from the $16 billion level that Mr. Wilson projected for the end of the decade under his "clear and realistic medium-term plan."

The government was making much of the fact that the budget deficit had been reduced four years running. However, the available figures show not only that the deficit reduction plan failed to achieve its goal but also that the political head of steam had gone out of it less than two years after it was launched. Between 1984-85 and 1986-87 the budget deficit dropped by $6.3 billion. Between 1986-87 and 1989-90—that is over a period of three fiscal years—the government promised to reduce it by another $4.1 billion; but, thanks to the last budget, we now know that the situation turned out to be much worse.

Under the original Wilson plan—that is, without the latest wave of tax increases—the fiscal year 1989-90 deficit would have been of the order of $34 billion, exactly where Mr. Wilson started with the announcement of his "clear and realistic medium-term plan." For 1990-91 Mr. Wilson optimistically forecasts a deficit of $28 billion, leaving a $12 billion credibility gap.

This is the outcome of the Minister of Finance's medium-term plan: a $30.5 billion deficit this year; $28 billion next year. His early projections of a $16 billion or $22 billion deficit would be laughable were the situation not so serious.

The failure of the Minister of Finance's medium-term plan has a very serious impact on the national debt. The increase in our national debt resulting from cumulative deficits during the Conservatives' first term of office reached an order of $191.5 billion. That is close to the amount of the total national debt that accumulated since the beginning of Confederation—over 120 years ago. In brief, during their first term the Conservatives virtually doubled our national debt. Even if allowance is made for the fact that they formed the government half way through the fiscal year 1984-85, the "Wilson Plan" accounts for the greatest accumulation of debt in our nation's history, that clear and realistic medium-term plan. It would be interesting to compare his debt creation record as a percentage of GDP to that of other national finance ministers. It may well be in a class of its own.

● (1530)

Let us remember, however, that during the Liberals' last four years in office, which included years of severe economic adversity, the public debt increased by $68 billion. In the four years of economic affluence the Conservatives increased it by $191.5 billion. As Mr. Diefenbaker said, "It is a long . . ."—what was it?

Senator Murray: "—road that has no ash cans."

Senator Doody: "—road that has no ash cans."

An Hon. Senator: "—road that has no ash cans."

Senator MacEachen: Yes, "It is a long road that has no ash cans."

Senator Frith: That quotation must be in the catechism for young Tories, the way you all came forward with it!

Senator MacEachen: So here we are, seeing all those ash cans on the road of the clear and realistic medium-term plan. That is the historical review of the debt and the deficit.

Let us take a look at what happened to government expenditures, interest rates, taxes and revenues, which are the basic ingredients of government transactions. On a national accounts basis, total government expenditure—that is, spending on goods and services, transfer payments and interest payments on the debt—increased from $104 billion in 1984 to $128.5 billion in 1988. That is more than a $24-billion increase. With the exception of 1986, government spending increased by considerably more than inflation. In 1985 government spending increased by 8.1 per cent, in 1986 by 0.9 per cent, in 1987 by 6.1 per cent, and in 1988 by 7 per cent. During that period a decline in interest rates moderated interest payments on the public debt, but, with cumulative yearly increases in the debt, these, nevertheless, grew to $31.6 billion in 1988. We are told, I believe, that those payments for this year are about $40 billion. The percentage increase in interest payments, year over year, was never less than 6 per cent, considerably more than inflation, and twice it was more than 17 per cent. Those are spending increases in total volume which are rather, shall I say, robust.

What about taxes? Well, we have had unprecedented increases in taxes. Certainly the tax burden in Canada as a result of the budget is probably greater now than that of the United States and will rival any of our trade competitors. That is our tax burden, because we have had a very sizeable increase in taxation in the past four years. With regard to revenues, we know that the expanding economy produced spectacular effects on government revenue, which increased on a national accounts basis from $75 billion in 1984 to $108.9 billion in 1988, an increase in the order of $34 billion, or 45 per cent. With this great surge in revenue and the sacrifices imposed on all Canadians by tax increases, the government, in its first term in office, did no better than to stablilize the budget deficit at around $29 billion.

What was the government's judgment of its first four-year record? The Minister of Finance stated in his February 1988 budget speech:

> Our challenge in 1984 was to restore fiscal stability and rebuild credibility in the management of Government finances. The only way to do that was to set out a medium-term fiscal plan with sustained deficit reduc-

> tion . . . and then hold to that plan. That is exactly what we did.

Clearly, the minister was missing, or hiding, the most critical point of all. During the early part of this government's mandate government program expenditure reduction accounted for the largest share of deficit reduction, but, subsequently, this share declined and a higher portion of deficit reduction was due to increases in government revenue and easing of the debt service charge resulting from lower interest rates. Interest rates went down, revenues went up, and the government decided, "Well, let's not deal very aggressively with the expenditure side." Of course, that meant that deficit reduction was becoming less and less a matter of government policy—that is, fiscal measures and expenditure restraint—than of the natural working of an economy experiencing solid growth and reduced interest rates. With such an abdication of government responsibility obscured by Mr. Wilson's self-congratulations over the working of his mythical medium-term plan, the writing was clearly on the wall. If economic expansion slowed down and interest rates went up, the policy failures would be exposed and our public finances would be in deep trouble. That is precisely what happened.

After four years of ostensibly fighting the deficit, after four years of massive tax increases, the Minister of Finance, at the end of April, dropped a budget that was an admission of abysmal failure. The inescapable fact of the matter is that, if the Minister of Finance had not again increased taxes massively, his deficit for 1989-90 would have been virtually identical to the deficit he brought down in his first budget four years ago. Last month the minister forecast a deficit of $30.5 billion for fiscal 1989-90, up almost $2 billion from his forecast of one year ago and $1.6 billion more than last year's deficit. The fiscal plan that was laid before Parliament discloses that without the proposed new tax measures, which are expected to bring in $3.7 billion, the deficit for 1989-90 would have been $34.2 billion. What was the deficit in his first budget? A virtually identical $34.4 billion.

The huge tax increases announced in the last budget, $10.6 billion over the next two years, did not have as their object the sound management of government finances but, rather, it seems to me, a no-holds-barred attempt to salvage the credibility of the government. After four years of strong economic growth and favourable interest rates, Mr. Wilson would have brought down a deficit identical to that in his first budget had he not, once again, savaged taxpayers. It would have been even higher, almost $36 billion, had he also not cut expenditures by $1.5 billion. That is a performance that hardly is in accord with the clear and realistic medium-term plan that Mr. Wilson announced in his budget of 1984.

I do not see any prospect—maybe you do—that the economy will grow at the rates achieved over the last four years. There is current evidence of a resurgence of inflationary pressure. According to the Governor of the Bank of Canada:

> total dollar spending on Canadian goods and services went up by over 8 per cent last year, following a rise of nearly 11 per cent during 1987. This is a pace far in excess of the rate at which the Canadian economy can generate sustained annual increases in the physical supply of goods and services of all kinds. So long as this sort of gap persists, our economy will remain an inflationary one, and the greater will be the momentum that inflation acquires.

So said the Governor of the Bank of Canada in March, speaking in Kitchener.

• (1540)

It seems self-evident that fighting inflation and the budget deficit at the same time will call for fiscal and monetary policies that will have a depressing effect on the economy. International circumstances, including those in the U.S., are unlikely to provide major relief. This is where Conservative government mythology has driven us. The effect of their brand of management will be worse than the failure to keep recent electoral commitments made in the full knowledge that they could not be honoured.

The International Monetary Fund gave the country, before the last budget, a sobering view of the deep troubles spawned by four years of Conservative mismanagement. It warned that without drastic action on the deficit Canada would face a weaker currency, sharply higher interest rates, a large drop in stock market prices, and reductions in private investment spending.

According to IMF projections, the deficit, in nominal terms, would rise appreciably and remain in the $33 billion range until 1993-1994 and the national debt would soar to more than $417 billion by 1994, with a debt-to-GDP ratio of 60 per cent. That is the projection of the IMF, as reported in the *Financial Post*. The fund urged early action to forestall this disaster: deficit reductions of the order of $9 billion in 1990 and $6 billion in 1991. Many would argue that such bitter medicine would lead to certain recession.

Thus, there is no doubt but that the government found itself in an awkward dilemma—a dilemma, in my opinion, of its own making: either it could do far less that the IMF prescribed for curing our chronic deficit ailment or it could administer the medicine at the cost of precipitating a recession. Under either of these courses Canadians will suffer. We shall increasingly suffer because of continuing deficits and mounting debt or because of a recession before the end of the decade.

Who now can be charged with mismanagement?

Senator Frith: I can answer that question.

The Hon. the Acting Speaker: If no other senator wishes to speak, this inquiry is considered debated.

Senator Frith: The person to be charged is just rising.

Hon. C. William Doody (Deputy Leader of the Government): I am being charged with mismanagement, Mr. Speaker.

Senator Frith: How do you plead, sir: guilty or not guilty?

Senator Doody: I wish to move the adjournment of the debate.

On motion of Senator Doody, debate adjourned.

NAMIBIA

CURRENT SITUATION

Hon. B. Alasdair Graham rose, pursuant to notice of Tuesday, June 13, 1989:

> That he will call the attention of the Senate to the situation in Namibia.

He said: Honourable senators, I thank you for allowing me to proceed today. While the world is riveted on the tragic circumstances surrounding events in China, I wish to call attention to the situation unfolding thousands of miles away, in Africa, and specifically on the hopes and dreams of the citizens of Namibia, a country that I visited in the last two weeks and where elections are scheduled for the first week in November.

Let me begin by giving a brief background on the present-day situation in that country. A great deal has been written about SWAPO, the South West African People's Organization, which came into existence in 1960. SWAPO's military wing, the People's Liberation Army of Namibia, known as PLAN, and South African forces have engaged in guerrilla activites that have continued for a long period of time. It is well known that South Africa repeatedly ignored resolutions of the UN General Assembly, the Security Council and the International Court of Justice, which declared its occupation of South West Africa illegal by international standards.

In January of 1976 the United Nations Security Council, in Resolution 385, called for the holding of elections, under UN supervision, as a prelude to Namibian independence. After negotiations with the South Africans in which certain concessions were made, Security Council Resolution 435 was adopted in 1978 and accepted by Pretoria. Resolution 435 restated the principles of Resolution 385 and approved a more elaborate document by the western members of the Security Council, including Canada, which played a very important role in the whole process. The document was named "The Proposal for a Settlement of the Namibian Situation". Resolution 435 remained the only formally agreed basis for Namibian independence until the Namibian Accord, implementing Resolution 435, was signed on December 22, 1988.

Now, in its implementation Resolution 435 differed greatly from the earlier resolution, since it granted South Africa, rather than the United Nations, the authority to administer the elections through an Administrator General. On July 1, 1985, Mr. Louis Pienaar was appointed to that position. It also called for the appointment of a special representative, whose central task would be to ensure that conditions were established for free and fair elections based on an impartial electoral process. The then Secretary-General, Kurt Waldheim, appointed Mr. Martti Ahtisaari of Finland the United Nations Commissioner for Namibia, as his special representative.

Resolution 435 also provides for a cease-fire between SWAPO and South African forces, monitored by the UN Transitional Assistance Group, known as UNTAG, during a seven-month transition period.

[Senator Doody.]

According to the principles established in Resolution 435, the Administrator General's Office drafts the legislation relating to the holding of elections, the registration of voters and the functions of the Constituent Assembly to the satisfaction of the special representative. Basically, the plan allows the United Nations to consult with the Administrator General on each stage of the process. Resolution 435 states:

> As a condition to the conduct of the electoral process, the elections themselves, and the certification of their results, the United Nations Special Representative will have to satisfy himself at each stage as to their fairness and appropriateness.

The United Nations, however, is granted little authority to alter or modify the electoral code or voting procedures. After the certification of the election results next November by the United Nations, South Africa will complete its military withdrawal within one week and the Constituent Assembly will draft a constitution establishing an independent government. South Africa will administer the country until after the constitution has been adopted by the assembly.

Under Resolution 435, the primary responsibility for maintaining law and order during the transition period rests with the existing South West African police forces, SWAPOL, monitored by an UNTAG police element. The Secretary-General has recently increased the UN civilian police force from the 360 officers required by Resolution 435 to 500 police monitors. The UN police force will monitor the disbandment of counter-insurgency forces such as the Koevoet.

• (1550)

There are more than 40 political parties in Namibia, consisting of a wide diversity of racial and tribal affiliations. Two leading forces have, however, emerged: South West African People's Organization (SWAPO) and the Democratic Turnhalle Alliance (DTA), an 11-party coalition. Recently parties have become even more fragmented, which will make the attainment of a two-thirds majority for control of the Constituent Assembly even more difficult.

Many people believe that the process of independence received a severe setback when SWAPO troops allegedly broke the Resolution 435 cease-fire agreements by crossing the Angolan border on April 1. SWAPO leadership maintained that their forces were already in Namibia at the time of the cease-fire and were merely following directives from their leaders to make contact with UN peacekeeping forces. At any rate, another 300 lives were lost in the ensuing battle.

Honourable senators, over an eight-day period I had the honour to lead an international observer mission to Namibia, and last week in Windhoek, the nation's capital, we reported our findings to both the Special Representative of the United Nations and to the Administrator General.

The delegation was organized and sponsored by the National Democratic Institute for International Affairs based in Washington, D.C. The National Democratic Institute is chaired by former Vice President Walter Mondale, and has successfully conducted non-partisan political development and

educational programs in various countries around the world. The National Democratic Institute was invited by the United Nations Special Representative to send a delegation to Namibia to help demonstrate international support for a free and fair election process.

As honourable senators will know, under the terms of United Nations Resolution 435, the independence process formally began on April 1 of this year. The official campaign begins July 1, with the actual election scheduled for the first week in November. Formal independence is scheduled for April 1, 1990.

As mentioned earlier, the campaign and the elections are being administered by the South African government and overseen by the special United Nations peacekeeping force, in which Canada has a contingent of some 256. I was pleased to meet with the Commander of the Canadian Contingent in Namibia, Colonel Michael Jeffrey, as well as Canada's Director-General for Military Plans and Operations, Brigadier General John MacInnis, who happened to be visiting the Canadian troops at the same time I was in Windhoek. General MacInnis' hometown is worthy of note, by the way, since he was born in and still calls Inverness, Cape Breton, his home.

Canada has a right to be proud of her representatives in Namibia. The head of the new Canadian mission, which was established two months ago in that country, is Neil Haffey, and we can be proud of both him and his staff.

Our delegation included election officials and experts from six different nations. All delegates have had significant experience in the electoral process in their own countries. In addition, members of the group had observed elections in 40 different countries around the world. Among others, the group included the Attorney General for the State of Kentucky, the Chief Electoral Officers of Pakistan and Barbados, the Chairman of the Department of Political and Administrative Studies at the University of Zimbabwe, the Clerk of the National Assembly in Botswana, a Professor of Law from Harvard, as well as international election-observing specialists from the National Democratic Institute.

The group travelled to seven different regions of the country, including the capital, Windhoek, Ovamboland, Kavango, Damaraland, Mariantal, Namaland and the Gobabis region. We met with government and United Nations officials responsible for the election, political party leaders and representatives of other organizations involved in the implementation of United Nations Resolution 435. As well, we met with tribal chiefs and headmen and the ordinary citizens who have such an enormous stake in what they term as their first—and perhaps their last—chance at democracy.

Our delegation examined the legal framework and administrative procedures being set in place and we provided recommendations which we hope will assist those responsible in achieving the free and fair elections that are the foundation of any democratic society.

Honourable senators, we found that an atmosphere of mistrust permeates the whole political scene in Namibia. Few people trust the Administrator General to administer adequately and impartially the elections, and some do not trust the United Nations Transitional Assistance Group, commonly known, as I said previously, as UNTAG. We found a startling lack of communication and information about proposed election laws and procedures. Political parties seem to have no sense of participation in the process of developing those laws and procedures. An atmosphere of fear and intimidation hangs over the entire country. There has been war and violence in Namibia for a long period of time. The potential for even greater violence is present every day, particularly in the northern regions.

Our group suggested to the United Nations Special Representative that he should act quickly and decisively to assert firm supervision and control over the election process, as contemplated by Resolution 435. We felt that virtually every citizen of Namibia wanted to see the election take place on schedule. Indeed, doubts had been expressed in that regard in many regions of the country. However, to achieve that goal of meeting the scheduled date of the first week in November will require resolute leadership, much better understanding, and a spirit of cooperation hitherto not evident in that country.

Paragraph 10 of the Settlement Proposal S/12636 directs the special representative "to take steps to guarantee against the possibility of intimidation or interference with the electoral process from whatever quarter." The present atmosphere of suspicion and anxiety has intimidated individual voters to such an extent that many feel they will not be able to cast their ballots freely and with confidence or that their votes will remain secret. Some of the allegations and reports included the burning of crops and houses, threats of child abduction, and the politicization of the educational process, where some 180,000 children have been out of school in Ovamboland for the past several weeks.

Despite the official disbanding of the counterinsurgency police force, Koevoet, the apparent assimilation of the units of that force into existing forces has clearly not removed the threat that citizens feel. The fear of Koevoet looms large in the minds of citizens. No factor contributes more to the atmosphere of intimidation. We urged that all remnants of the Koevoet should be removed from the South West African police force immediately.

Shortly before we arrived, a matter of perhaps two days, a commission of inquiry into intimidation was appointed by the Administrator General. This was a very useful and positive step, and we expressed the hope that the commission would interpret its mandate very broadly and investigate patterns and practices of intimidation, rather than limiting attention to individual complaints.

• (1600)

We also felt that UNTAG officials must take more decisive action to ensure that all complaints of intimidation receive prompt and thorough attention from SWAPOL, as well as the Commission on Intimidation and prosecutors and magistrates.

Honourable senators, 60 per cent of the population of Namibia is illiterate. Massive voter education through the combined forces of the Administrator General, UNTAG and the various political parties and institutions is essential. In that respect, our specialists offered several useful recommendations.

Those charged with the responsibility of running the election are faced with an enormous challenge. We commend their attention and efforts to design a process that will withstand the strictest scrutiny. We reviewed the proposed methods of voter registration, election procedures and the counting of votes. We paid particular attention to the draft registration law and to the planning under way by the Administrator General's Office.

We found, regrettably, that the planned mechanisms for registration, voting and the counting of ballots were unnecessarily complex and time-consuming. The proposed process creates a perceived risk of manipulation and potential abuse. We offered several recommendations with respect to the decentralization of registration, voting and counting.

Public confidence in the efficiency and integrity of the election process is fundamental to the goal of free and fair elections. Essential to establishing and maintaining that public confidence is faith that those who administer and enforce the election laws will be strictly impartial and vigilant.

In Namibia, for a variety of reasons, some historical, we found that a wide spectrum of the electorate does not believe that the upcoming election can be administered fairly. No matter how good the intentions, this lack of confidence is a serious impediment to anyone's ability to conduct the process efficiently and fairly. It is also a serious impediment to assuring a peaceful acceptance of the results of the election, since it invites charges of fraud and manipulation of the results. Our delegation therefore recommended the establishment of an independent election commission. Such a commission would be responsible for the administration of all aspects of the election process. Its members should be appointed by the Administrator General, subject to the approval of the special representative. It is critical that the appointees to the commission be universally regarded as individuals of unquestioned integrity.

Election commissions are common throughout the world. They exist primarily to ensure public trust in the system. If this simple step were taken in Namibia, it would, in itself, greatly enhance the likelihood of free and fair elections.

During the next few weeks—the process has just started—anywhere from 40,000 to 60,000 exiled Namibians will be returning to their home country under the new amnesty laws which were promulgated last week. Discriminatory legislation was also repealed. Both these steps broke a log jam of long standing.

During our stay in Namibia we visited two of the camps where returnees will be processed. The Council of Churches in Namibia has played a key role in the establishment of those centres and should be commended for its efforts.

In Namibia Resolution 435 is the code for everything. There have been 435 sales, parties, dances and rock festivals. There is a story of a 15-year old girl who comes from an iron-age culture and has never been to school. She wants to become a nurse and she firmly believes that will be possible because of 435. To hundreds of thousands of Namibians 435 is the secret to everything they want in life. All they want is a stable society where they can get on with their lives. The most important ingredient in achieving that goal is the human will to succeed on the part of all concerned.

The role being played by the representatives of the United Nations is crucial. We heard in some regions that more UNTAG personnel were needed on an urgent basis. As honourable senators know, the original United Nations budget was cut from $600 million (U.S.) to $416 million (U.S.), and the size of the force from 7,500 to 4,650. Strategic planning, efficiency and the proper deployment of human resources are essential; but if it becomes apparent that more help is needed then Canada should be a leading advocate and willing participant. If those responsible do not get it right this time, the United Nations may not have another Namibia to save in the future.

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until Tuesday, June 20, 1989, at 2 p.m.

APPENDIX

(*See p. 281*)

SCRUTINY OF REGULATIONS

FIRST REPORT OF STANDING JOINT COMMITTEE

TUESDAY, June 13, 1989

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

FIRST REPORT

Your Committee reports that in relation to its permanent reference, section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22, the Committee was empowered during the Fourth Session of the Thirtieth Parliament, the Thirty-First, Thirty-Second and Thirthy-Third Parliaments "to study the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:

1. the appropriate principles and practices to be observed,

(a) in the drafting of powers enabling delegates of Parliament to make subordinate laws;

(b) in the enactment of statutory instruments;

(c) in the use of executive regulation - including delegated powers and subordinate laws;

and the manner in which Parliamentary control should be effected in respect of the same;

2. the role, functions and powers of the Standing Joint Committee for the Scrutiny of Regulations."

Your Committee recommends that the same order of reference together with the evidence adduced thereon during the last four Parliaments be again referred to it.

Your Committee informs both Houses of Parliament that the criteria it will use for the review and scrutiny of Statutory Instruments are the following:

Whether any Regulation or other Statutory Instrument within its terms of reference, in the judgement of the Committee:

1. is not authorized by the terms of the enabling legislation or has not complied with any condition set forth in the legislation;

2. is not in conformity with the *Canadian Charter of Rights and Freedoms* or the *Canadian Bill of Rights*;

3. purports to have retroactive effect without express authority having been provided for in the enabling legislation;

4. imposes a charge on the public revenues or requires payment to be made to the Crown or to any other authority, or prescribes the amount of any such charge or payment, without express authority having been provided for in the enabling legislation;

5. imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;

6. tends directly or indirectly to exclude the jurisdiction of the courts without express authority having been provided for in the enabling legislation;

7. has not complied with the *Statutory Instruments Act* with respect to transmission, registration or publication;

8. appears for any reason to infringe the rule of law;

9. trespasses unduly on rights and liberties;

10. makes the rights and liberties of the person unduly dependent on administrative discretion or is not consistent with the rules of natural justice;

11. makes some unusual or unexpected use of the powers conferred by the enabling legislation;

12. amounts to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment;

13. is defective in its drafting or for any other reason requires elucidation as to its form or purport.

Your Committee recommends that its quorum be fixed at four (4) members, provided that both Houses are represented whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings to receive and authorize the printing of evidence so long as three (3) members are present, provided that both Houses are represented; and, that the Committee have power to engage the services of such staff, and such stenographic and clerical staff as may be required.

Your Committee further recommends that it be empowered to sit during sittings of the Senate.

Respectfully submitted,

MICHEL COGGER
Joint Chairman

THE SENATE

Tuesday, June 20, 1989

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

Prayers.

OFFICIAL REPORT

CORRECTIONS

Hon. Allan J. MacEachen (Leader of the Opposition): As honourable senators will recall, on Tuesday last, the day we last met, I made a speech on the Budget Speech of the Minister of Finance. On reading that speech a day or so after giving it, I became aware of a number of errors in some of the numbers. Therefore, I would like, as succinctly as possible, to put the corrections on the record.

The first error occurred on page 293, in the first column, third-last paragraph. The number should be $199.5 billion instead of $196 billion. In that same column, in the second-last paragraph, the number should read $95 billion instead of $58 billion. In the second column of the same page, in the third-last paragraph, line six, the year should read 1984-85 instead of 1985-86.

On page 294, in the first column, the second-last paragraph, the figure should read $162.9 billion instead of $191.5 billion. In the same column, the last paragraph, the figure should read $95 billion instead of $68 billion. In the second column, on the second line of that column, the figure should read $134 billion instead of $191.5 billion.

Honourable senators, these major errors appeared in my text, which I now correct. To the best of my knowledge, all of the other numbers are correct. However, I am sure Senator Murray will be scrutinizing my calculations and, if he finds I have made further errors, I will be happy to acknowledge them. Nevertheless, the numbers I have given are, to the best of my ability, the correct numbers, and I tell you that it is not easy to get them right when going through all of these years and all of the various renditions. I apologize to my colleagues for any inconvenience this may have caused.

[*Translation*]

OFFICIAL LANGUAGES

ANNUAL REPORT OF COMMISSIONER TABLED

The Hon. the Speaker *pro tempore:* Honourable senators, pursuant to the Privacy Act, I have the honour to table the report of the Commissioner of Official Languages for the year ended March 31, 1989.

[*English*]

BORROWING AUTHORITY BILL, 1989-90

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-11, to provide borrowing authority.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, bill placed on the Orders of the Day for second reading later this day.

FISHERIES

SECOND REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Jack Marshall: Honourable senators, I have the honour to present the second report of the Standing Senate Committee on Fisheries, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 321.*)

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

On motion of Senator Marshall, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIRST REPORT OF COMMITTEE TABLED

Hon. Lorna Marsden: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Social Affairs, Science and Technology respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

OFFICIAL LANGUAGES

FIRST REPORT OF JOINT COMMITTEE PRESENTED AND ADOPTED

Hon. Dalia Wood, Joint Chairman of the Standing Joint Committee on Official Languages, presented the following report:

Tuesday, June 20, 1989

The Standing Joint Committee on Official Languages has the honour to present its

FIRST REPORT

Your Committee recommends:

That the quorum of the Standing Joint Committee of the Senate and the House of Commons on Official Languages be six members, whenever a vote, resolution or other decision is taken, so long as both Houses, the government and the opposition are represented, and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when four members are present so long as both Houses, the government and the opposition are represented.

Respectfully submitted,

DALIA WOOD
Joint Chairman

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

Senator Wood: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be taken into consideration now.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I wonder if I may ask a question. It may be a small point and it may be of no consequence, but it says in the motion "when four members are present so long as both Houses, the government and the opposition are represented." Surely, you mean a supporter of the government. I am sure you do not want a member of the government present to constitute a quorum.

Senator MacEachen: Oh, no!

Senator Doody: You people are not encouraging that sort of thing, are you?

Motion agreed to and report adopted.

REPORT OF JOINT COMMITTEE TABLED

Hon. Dalia Wood: Honourable senators, pursuant to rule 84, I have the honour to table the report of the Standing Joint Committee on Official Languages respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[Senator Marsden.]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWELFTH REPORT OF COMMITTEE PRESENTED

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I notice that Senator LeBlanc is now in the chamber. I have two reports which I was prepared to present on his behalf, but I hesitate to take his responsibilities from him.

Hon. Roméo LeBlanc: Honourable senators, I thank my colleague for his courtesy. Unhappily, we did not have time to consult before we stepped into the chamber.

Honourable senators, I have the honour to present the following report:

Tuesday, June 20, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWELFTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Transport and Communications for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Tuesday, June 13, 1989. The said budget is as follows:

Professional and Other Services	$32,000.00
Transportation and Communications	700.00
All Other Expenditures	1,000.00
TOTAL	$33,700.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

THIRTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, June 20, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRTEENTH REPORT

Your Committee has examined and approved the budget presented to it by the Joint Chairman of the

Standing Joint Committee for the Scrutiny of Regulations for the proposed expenditures of the said Committee with respect to its review of statutory instruments, as authorized by section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22. The said budget is as follows:

Professional and Other Services	$37,912.00
Transportation and Communications	13,463.00
All Other Expenditures	2,370.00
TOTAL	$53,745.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTER-PARLIAMENTARY UNION

EIGHTY-FIRST INTER-PARLIAMENTARY CONFERENCE, BUDAPEST, HUNGARY—NOTICE OF INQUIRY

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Tuesday next, June 27, I will call the attention of the Senate to the Eighty-first Inter-Parliamentary Conference held at Budapest, Hungary, from March 13 to 18, 1989.

[*Translation*]

LEBANON

CURRENT SITUATION—NOTICE OF INQUIRY

Hon. Pierre De Bané: Honourable senators, with leave of the Senate and notwithstanding rule 44(2), I give notice that later this day I will call the attention of the Senate to the situation in Lebanon.

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

Some Hon. Senators: Agreed.

• (1410)

[*English*]

NATIONAL DEFENCE

NOTICE OF MOTION TO EXTEND DEADLINE FOR PRESENTATION OF SPECIAL COMMITTEE REPORT

Hon. Henry D. Hicks: Honourable senators, I give notice that on Thursday next, June 22, 1989, I will move:

That, notwithstanding the Order of the Senate adopted on Wednesday, 5th April, 1989, the Special Committee of the Senate on National Defence be empowered to present its final report no later than Tuesday, 31st October, 1989.

Senator Doody: Surprise!

ENERGY AND NATURAL RESOURCES

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Dan Hays: Honourable senators, I give notice that tomorrow, Wednesday, June 21, 1989, I will move:

That the Standing Senate Committee on Energy and Natural Resources have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY ROLE OF PETRO-CANADA

Hon. Dan Hays: Honourable senators, I give notice that tomorrow, Wednesday, June 21, 1989, I will move:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the extent to which Petro-Canada has met its original purpose, and to evaluate this purpose with respect to Petro-Canada's evolving role in the Canadian energy scene; and

That the Committee present its final report no later than 31st March, 1990.

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY DOCUMENT ENTITLED "ENERGY AND CANADIANS INTO THE 21st CENTURY: A REPORT ON THE ENERGY OPTIONS PROCESS"

Hon. Dan Hays: Honourable senators, I give notice that tomorrow, Wednesday, June 21, 1989, I will move:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the document entitled: "Energy and Canadians into the 21st Century: A Report on the Energy Options Process," tabled in the Senate on 16th August, 1988 (Sessional Paper No. 332-1008) and in particular to examine the energy policy observations and recommendations contained therein; and

That the Committee present its final report no later than 30th June, 1990.

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Sidney L. Buckwold: Honourable senators, I give notice that tomorrow, Wednesday, June 21, 1989, I will move:

That the Standing Senate Committee on Banking, Trade and Commerce have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

Honourable senators, I should like to give a word of explanation. As honourable senators are fully aware, your committee has been studying the implications of the Free Trade Agreement and other trade-related developments for Canadian financial institutions. We have already had several good hearings, and we have scheduled as our witness for today Dr. Richard Cooper, who at one time was the Undersecretary for Foreign Affairs in the Department of the Secretary of State of the United States of America.

He has written extensively in this field and we are anxious to be able to take full advantage of his presence as a witness before the committee this afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

NATIONAL DEFENCE

NOTICE OF MOTION FOR RECONSIDERATION OF DECISION TO CLOSE CFB SUMMERSIDE, P.E.I.

Hon. M. Lorne Bonnell: Honourable senators, I give notice that on Thursday next, June 22, 1989, I will move:

> That in view of the national commitment to serve the development of Canada's regions and the role of the National Defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only National Defence base in Prince Edward Island, that is Canadian Forces Base, Summerside, and calls upon the Government of Canada to reconsider this decision.

SOCIAL AFFAIRS, SCIENCE, AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Lorna Marsden: Honourable senators, I give notice that on Wednesday next, June 21, 1989, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

[Senator Buckwold.]

CHILDHOOD POVERTY

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY RELATIONSHIP TO SOCIAL PROBLEMS IN ADULT LIFE

Hon. Lorna Marsden: Honourable senators, I give notice that on Wednesday next, June 21, 1989, I will move:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the relationship between childhood poverty and certain significant and costly social problems that manifest themselves in adult life and on measures that might better alleviate such problems; and
>
> That the Committee present its report no later than December 31, 1989.

THE ESTIMATES, 1989-90

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) for the fiscal year ending the 31st March, 1990 (Sessional Paper No. 342-195).

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

SENATE REFORM

RANGE OF OPTIONS—FEDERAL-PROVINCIAL CONSULTATIONS—REQUEST FOR STATEMENT

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. Early last May the Leader of the Government in the Senate, Senator Olson and I had an exchange on Senate reform. At that time the Leader of the Government said that he would consider the possibility of making a statement on the travels that he had undertaken on this issue to the various provincial capitals. I wonder whether he could indicate when that statement will be forthcoming.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I recall giving that undertaking, but I also recall that in a series of supplementary questions the honourable senator managed to elicit from me most, if not all, of the information

that I would have given in a formal statement. However, I will review the exchange to see if there is anything I can usefully add and I will do so; or I would be prepared, subject to the usual reservations concerning positions taken by various provincial governments, to answer further questions on the matter.

REPRODUCTIVE TECHNOLOGY

PROPOSED ROYAL COMMISSION

Hon. Lorna Marsden: Honourable senators, in the Speech from the Throne the government announced a commitment to establish a royal commission on reproductive technology. There is no item in the Estimates in support of that announcement. I wonder if the Leader of the Government in the Senate can tell us when the government plans to strike that royal commission, when it suggests that such a commission report, and how it proposes to provide the financial support for that commission.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, to take the last part of the question first, I am not sure that it is necessary to have a separate appropriation for such a royal commission. If it is, I suppose we would bring in a supplementary estimate. I believe there is a vote somewhere in the Estimates that covers this kind of contingency. For example, the Dubin inquiry could not have been foreseen when the Estimates were brought in.

• (1420)

The terms of reference for the royal commission and its composition are still under consideration by cabinet, but I expect that a decision on both of those matters will not be long delayed. It is our intention to fix a deadline within which we would expect the royal commission to hold its hearings and tender its report to the government.

SENATE REFORM

RANGE OF OPTIONS—TRIPLE-E SENATE—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I have a supplementary question to the question asked by Senator Fairbairn. The question that was asked some weeks ago about Senate reform was to find out what the federal government's position was respecting the action that the Government of Alberta was anticipating taking at that time—that is, having an election for a nomination. Now, we know that the Alberta government has stated—I think I am right, although I am not absolutely sure—that it intends to bring in a bill this session that will be essentially the same as the previous bill respecting this matter.

At the time the Leader of the Government, who is also the Minister of State for Federal-Provincial Relations, declined or refrained—whichever is the right word—to state what the federal government's position was respecting this and other matters of Senate reform, like their position on Triple-E and so on. Perhaps he could give us a reply to that now, since it has come back to the surface.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the bill in question died on the order paper at the dissolution of the Alberta legislature several months ago. I have seen, as the honourable senator has, reports to the effect that the Getty government intends to bring an identical or similar bill back into the legislature during this session.

One of the matters at issue—and it is a purely local matter—has to do with having the election on the same day as municipal elections are held in Alberta. My friend will be aware that that provision is the subject of some controversy in that province.

It is not factual to state that I have refrained from stating the position of the government on the general proposition. It would be premature to comment on the bill, but the Prime Minister has stated, and I have said on several occasions, that the Meech Lake Accord, which has an interim appointment procedure pending comprehensive Senate reform, provides that the Government of Canada will fill Senate vacancies from among names—plural—which will be recommended by provincial governments.

With respect to the proposition that some process, whether electoral or otherwise, in Alberta or any province would produce only one name, that, of course, would not meet the requirements of the Meech Lake Accord. So, with respect to any Senate vacancy in Alberta, we will be expecting names—plural—to be submitted by the government of that province.

Senator Olson: Does "names—plural" mean five names? I think the Prime Minister indicated that he expected a list of some five names. If the Government of Canada received a list of the top five candidates who received the largest number of votes in the plebiscite or electoral process which he talked about, would that meet the requirements of the Government of Canada under the Meech Lake agreement? I will not call it the "accord", because I understand there was an agreement between the first ministers at Meech Lake, when they came out with the other provisions amending the Constitution, that until all of their proposals were ratified they would accept nominations from provincial premiers, provided there were five such nominations.

Well, the Premier of Alberta has since taken the position that he will submit a name or the names of people who have been subjected to a vote by the electorate in Alberta. Does that meet the requirements of the federal government?

Senator Murray: Honourable senators, the proposal put forward by the honourable senator is more than somewhat hypothetical. I would like to see what the legislation provides for before making any further comment. On this point, the Meech Lake Accord does not specify a particular number of names.

Senator Olson: There is an agreement—

Senator Murray: No, there is no agreement. I think the Prime Minister suggested five names, but the relevant provi-

sion of Meech Lake is that one name must be suitable to the federal government. Therefore, it could be five names, two names, 25 names or 250 names submitted. The requirement is that there must be one name that is suitable to the Government of Canada.

Senator Olson: Honourable senators, that brings us to the guts of the question: Suppose that someone of a political persuasion other than that of the Government of Canada—in other words, a good Liberal, a good NDP-er—

Senator Barootes: Not a good NDP-er!

Senator Olson: —or perhaps a good member of the Reform Party—ran and got the highest number of votes in the electoral process that the Premier of Alberta is talking about.

Would that meet what the Leader of the Government now says is the requirement, that there must be a name that is acceptable to the federal government? Is the government going to defy the wishes of the majority of the electorate who choose to vote in this electoral process?

Senator Murray: Honourable senators, there is nothing either explicit or implicit in the Meach Lake Accord to the effect that the nominees must be supporters of the Progressive Conservative Party or of the government. Naturally, we are delighted when they turn out to be, but we would not have expected the then NDP Premier of Manitoba to submit anything but the names of NDP supporters, given the opportunity—indeed, we would have regarded it as heroic virtue to have done so.

Senator Olson: Honourable senators, I do not see why the Leader of the Government does not answer the question. I will put it as plainly and as simply as I can: If someone other than a Progressive Conservative supporter were to win the election, would that be an acceptable name to the Government of Canada?

Senator Murray: Honourable senators, that is wildly hypothetical, especially in Alberta.

Senator Olson: You'll see!

CHINA

POLITICAL SITUATION—EFFECT ON BILATERAL EXCHANGES—REQUEST FOR STATEMENT ON GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, last week the Leader of the Government undertook, upon his being briefed by the Canadian ambassador, to apprise the Senate of events in China so that senators could be informed of his, and perhaps the government's, views.

Based on press reports, it is clear that events in China are deteriorating. I think the Senate would appreciate an indication from the Leader of the Government in the Senate of when he might be able to make a fulsome statement so that senators could comment on it.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable

[Senator Murray.]

senators, Ambassador Drake met with members of the cabinet yesterday. My colleague, Mr. Clark, Secretary of State for External Affairs, has indicated that there is a consultative process taking place in the country, involving not only officials of the government but experts and interested parties, on the question of Canadian-Chinese relations. I rather doubt that he will make any definitive policy statement until that process is concluded.

• (1430)

I will consult with him to ascertain whether, in the meantime, there is any further information I can give the Senate and, in any case, to ascertain when we might expect a further statement on his part. I certainly would not want to anticipate my colleague.

Senator Grafstein: Events in Canada and in China are moving very rapidly. A number of exchanges and agreements from a cultural, educational and economic standpoint are in a position of shift and change. It would be helpful to the Canadian public if the other place or the Leader of the Government in the Senate could give interim views in order to suspend any precipitate action that Canadians might be taking with respect to collective or individual relationships with China.

Senator Murray: Honourable senators, I am sure my friend has been following from the beginning the statements made by my colleague, Mr. Clark. As it happens, in the measures it announced and took, Canada was out in front of a number of other countries. Indeed, those other countries—Commonwealth and western countries—have since followed suit.

A number of decisions have been announced and taken with regard to the negotiation of agreements with China and respecting Chinese students and others who are now in Canada. There can be no doubt of our position on the oppressive measures taken by the régime in that country. It is no part of our desire to isolate China from the international community, but we are considering the entire range of our bilateral relationship with China. We will have a further statement to make after we have given it full consideration and monitored the situation in China for a time.

Senator Grafstein: My concern is that precipitate moves might in fact isolate China and muffle or foreclose any of the voices of moderation that exist in China at the present time. I would just bring that to the Leader of the Government's attention.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—PROTESTERS' PARLIAMENT HILL DEMONSTRATION—MEETING WITH MINISTERS

Hon. M. Lorne Bonnell: Honourable senators, yesterday 400 Prince Edward Islanders arrived on Parliament Hill, coming by bus and plane, to protest the closing of Canadian Forces Base Summerside.

Would the Leader of the Government in the Senate advise us if any member of the cabinet or Privy Council met with that group of Prince Edward Islanders to give them a decision on whether or not Canadian Forces Base Summerside will be closed?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I believe that my colleagues, Elmer MacKay, the Minister of Public Works and minister responsible for ACOA, and Mary Collins, the Associate Minister of National Defence, did meet yesterday with the delegation from Prince Edward Island, at which time the ministers confirmed the decision taken by the Department of National Defence, following the budget, to phase out the Summerside base. They also confirmed the willingness and readiness of the Government of Canada to work with the provincial government and the community to ensure that the adjustment to this process is smooth, that economic problems resulting from it will be alleviated as much as possible, and that we make a concerted joint effort to find alternative employment for those who are displaced. All that, I believe, was done by my colleagues yesterday with the delegation from Prince Edward Island.

I made the same point in a personal meeting I had with Premier Ghiz approximately ten days ago. Also, our officials have met with Premier Ghiz and with officials of the Government of P.E.I. in Charlottetown within the past week in an effort to begin this process.

TOURISM

PRINCE EDWARD ISLAND—STATUS OF FEDERAL-PROVINCIAL AGREEMENT

Hon. M. Lorne Bonnell: Honourable senators, I have another question concerning Prince Edward Island. Could the Leader of the Government advise me if there is any doubt about the possibility of an earlier agreement regarding tourism being signed between the federal and provincial governments?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not have any information on that matter. I shall have to consult my colleague, Mr. MacKay.

[*Translation*]

TRANS-CANADA HIGHWAY

REBUILDING OF HIGHWAY IN NEW BRUNSWICK—NEGOTIATIONS BETWEEN PROVINCE OF NEW BRUNSWICK AND FEDERAL GOVERNMENT

Hon. Eymard G. Corbin: Honourable senators, a few months ago, I asked the Leader of the Government in the Senate about the negotiations between the province of New Brunswick and the federal government for the purpose of rebuilding the Trans-Canada Highway in that province. I imagine the Leader of the Government will recall the occasion.

Lately, we heard the Minister of Transport, Mr. Benoît Bouchard, say in the other place that New Brunswick should make up its mind and either opt for maintaining passenger rail services in the province or improving the Trans-Canada Highway. This statement by the Minister of Transport certainly did not sit well with the people of New Brunswick.

Today I would like to ask the Leader of the Government if negotiations between Premier McKenna or his Minister of Transport and their federal counterparts are continuing and whether the negotiations are aimed at setting up a program for rebuilding the Trans-Canada Highway in New Brunswick, which has now become a killer strip.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, all decisions regarding the Trans-Canada Highway in the province of New Brunswick must be taken within the framework of a national policy in this respect. The government is waiting for the results of a study on the Trans-Canada Highway from coast to coast.

Until the results are available, no decisions will be made regarding any one province.

Senator Corbin: Honourable senators, I don't think this kind of answer is satisfactory. When my party was in power, when we had ministers like Roméo LeBlanc who was responsible for programs in New Brunswick, we negotiated agreements with the Conservative government of the time in New Brunswick for rebuilding sections of the Trans-Canada Highway that were no longer up to national or local standards, sections that had become veritable killer strips. The Honourable Jean-Maurice Simard who is sitting on the other side will recall that we implemented programs worth millions of dollars to improve the situation around the city of Edmundston.

The government of the time did not wait for a national policy. People are dying, the highways have become killer strips, and I fail to see why we should wait for a national policy to remedy the situation on those sections that have become unsatisfactory on all counts. I say this at a time when the summer holidays are almost here. The number of drivers on New Brunswick's highways doubles and triples during the summer. These are people from Québec, Ontario and the United States who come and spend their tourist dollars in our province, and they cause the traffic overload which the highways can no longer absorb. The net result is that people keep getting killed. Is this perhaps enough to get the government to take some kind of action? This is not to say we disagree with the need for a national policy.

Senator Murray: Honourable senators, it is not as though the federal government and New Brunswick had no agreement at all concerning highways. A few years ago, the present government signed a new agreement with the previous government in New Brunswick. I don't have the exact figures but it was a major agreement. Road improvement in New Brunswick is continuing. All I can say is that as far as the Trans-Canada Highway is concerned, no decision will be made until we receive the findings of a study on our national policy. This is a very important matter. The project will cost billions of dollars. We are now talking about seven or eight billion dollars to do

what is necessary. The honourable senator certainly knows that the government must deal with financial problems. So prudence dictates that we wait for the results of our study to formulate a comprehensive policy on the Trans-Canada Highway.

NATIONAL POLICY

Hon. L. Norbert Thériault: I would have a supplementary question to the one asked by my colleague. If I correctly understand the answer given by the government leader in the Senate, he is waiting for the results of a national study.

I wonder why, if that is the case, the Minister of Transport went to Saint John, N.B. and said that the government and New Brunswick would have to choose between VIA Rail and the Trans-Canada Highway. Is that not an announcement of a national policy? Will the same national policy apply throughout the country? Will the government and the provinces have to choose between VIA Rail and the Trans-Canada Highway?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, all my colleague Benoît Bouchard meant is that "to govern is to choose."

Senator Thériault: Honourable senators, does that mean that the present government's choice for New Brunswick and the Atlantic provinces is different from the choice for the rest of the country?

Senator Murray: Honourable senators, I draw my friend's attention to the considerable amounts already spent in New Brunswick, especially on roads.

Senator Thériault: Honourable senators, I draw the attention of the Leader of the Government to the fact that before last year's election, Mr. Bouchard and the Prime Minister both said in New Brunswick that the Trans-Canada Highway in New Brunswick was the country's lifeline.

Senator Murray: We are conducting a special study with New Brunswick specifically on the Trans-Canada Highway in that province so that we are ready as soon as the comprehensive study on the Trans-Canada Highway throughout the country is received.

Senator Thériault: So, honourable senators, if the government's motto is "to govern is to choose," it is time to choose.

• (1440)

[*English*]

THE CONSTITUTION

MEECH LAKE ACCORD—PROPOSITION ON TIME LIMIT—GOVERNMENT POSITION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government on the subject of Meech Lake. In the June 19 edition of the *Globe and Mail* Mr. Gordon Robertson made a proposition about the time limit on Meech Lake, based, if I understand it properly, on the fact that there is no time limit provided in the Constitution for amendments made under section 41; only for those made under section 38(1). He is quite right in that if you read section 39, which is the time limit section, it mentions only subsection (1) of section 38.

Of course, there are some amendments in the Meech Lake Accord that could be considered as having been made under section 38(1), which leads one to question whether it is necessary to use the highest form for every package. However, if there are some that would apply under section 38(1), then they would already have met the time limit required by section 39.

I should say also that Mr. Robertson proposes that the matter be referred to the Supreme Court of Canada for clarification.

My first question for the Leader of the Government in the Senate is whether the government has any response to that proposition; whether the government feels that the proposition is correct and that, therefore, there is no urgency for the adoption of the package by the legislatures of all of the provinces.

My second question is whether the government is considering referring a question to the Supreme Court of Canada about the proposition.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Mr. Robertson had made the same point in a public speech quite a few months ago, so we were aware of his opinion on that matter, which, coming as it does from an eminent constitutional authority, must be treated with considerable respect. Opinion is divided on the matter, but I must say, as I believe I have told the house on previous occasions, the advice of our legal experts is, however, that, because some of the proposed amendments in the Meech Lake Accord would fall under the time limit and because it is a package that is being proposed, the June 1990 deadline does apply.

Also, because there is a year still to go and because eight of the provinces with 93 per cent of the Canadian population, together with the Parliament of Canada, have already ratified the Meech Lake Accord, we would not see much point in referring the matter to the Supreme Court of Canada.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to a number of questions. I will identify the questions and the questioners and, if honourable senators wish me to, I shall read the answers; otherwise, I ask that they be printed as part of today's proceedings.

AGRICULTURE

GRAIN FARMERS—REDUCTION IN FINANCIAL ASSISTANCE—NATURE OF CONSULTATIVE PROCESS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 2 last by

the Honourable Senator Argue respecting Agriculture—Grain Farmers—Reduction in Financial Assistance—Nature of Consultative Process.

(*The answer follows:*)

Full discussions with the provinces will be carried out as changes are made to the Crop Insurance Program, as indicated in the budget. These changes will affect only the allocation of costs between the federal and provincial governments and will, in no way, affect the assistance provided to farmers.

The three federal ministers who share the responsibility for agriculture are constantly consulting with individual farmers, leaders of farm organizations, and provincial ministers. These consultations provided them with the necessary input from the farm community in making decisions about the budget.

THE ENVIRONMENT

DESTRUCTION OF PCBs—REPORTED QUEBEC-ALBERTA AGREEMENT—REQUEST FOR TRANSPORTATION DETAILS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 10 last by the Honourable Senator Kenny respecting The Environment—Destruction of PCBs—Reported Quebec-Alberta Agreement—Request for Transportation Details.

(*The answer follows:*)

Because of a backlog of solid wastes waiting for destruction at the PCB waste facility in Alberta, the Alberta Government decided not to store any of the St-Basile PCB wastes at the facility prior to their being destroyed.

To follow such a decision, it would mean the St-Basile wastes would have to be completely re-packaged and shipped to Alberta in several batches over a period of 11 months to avoid any on-site storage, with the containers of liquid waste being separated from the solid waste containers and shipped first.

Since the containers have already been packaged and thoroughly inspected by Transport Canada to ensure the federal transportation of Dangerous Goods Regulations were strictly enforced, Environment Quebec is considerinig exporting the wastes to the U.K., France or Italy. Environment Quebec suggests it would be far more cost effective to ensure the PCB wastes are destroyed in another authorized and environmentally sound facility than to re-pack the complete load.

Please note the most recent amended regulations governing the transport of PCBs, and materials, equipment and articles contaminated with PCBs is attached.

AGRICULTURE

TANZANIA—GOVERNMENT WHEAT ENHANCEMENT PROGRAM

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 16 last by the Honourable Senator Olson respecting Agriculture—Tanzania—Government Wheat Enhancement Program.

(*The answer follows:*)

In 1970, the Government of Tanzania, in accordance with its priority of food security, as well as import substitution, requested Canada's assistance in the expansion of wheat production in the Hanang plains of Northern Tanzania. Wheat had long been an established crop in this area. The project was comprised of two existing farms, to which the Tanzanian government added 100,000 acres for five additional farms and ancillary services.

Canada is extremely concerned about the problems of human rights violations that occurred during the land expropriation process. Canadian representatives have taken every opportunity over the past two years (since the issue was first brought to their attention) to raise it with Tanzanian officials. We will continue to do so vigorously at all levels.

CIDA has taken a number of practical measures to assist the displaced Barabaigs who inhabited the area. Canadian initiatives have helped to rehabilitate watering points for their cattle; the water component of the wheat farm project specifically addresses the pastoralists' needs. The Canada Fund at the High Commission has supported two school construction projects for Barabaig children. They are already attending farm schools in increasing numbers and, with their parents, they are also being seen at farm dispensaries. Furthermore, a Barabaig spokesman has conveyed a message from the elders to the effect that Canada should not withdraw from the wheat project, as it has brought benefits to them, and they would appreciate further CIDA assistance.

In general terms, after 15 years of continuous CIDA support and training, Tanzanians are beginning to take control of the operations and management of their farms, permitting a rapid phase-down of Canadian technical assistance. Tanzanian competence can be judged by production levels which are comparable to those on our Prairies, the expected output this year being 50,000 tonnes, or about 40 per cent of the country's needs.

HEALTH AND WELFARE

FEDERAL ADVISORY COUNCIL ON AIDS—APPOINTMENT OF CHAIRMAN—FUNDING

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 18 last by the Honourable Senator Haidasz respecting Health and Wel-

fare—Federal Advisory Council on AIDS—Appointment of Chairman—Funding.

(*The answer follows:*)

On February 20, Dr. Norbert Gilmore submitted his resignation as Chairman of the National Advisory Committee on AIDS (NAC-AIDS). Upon receipt of Dr. Gilmore's resignation, the Minister of National Health and Welfare asked Dr. Norman D. Lapointe to accept the chairmanship of NAC-AIDS on an interim basis.

Dr. Lapointe is the leading paediatrician specializing in HIV infection and AIDS in Canada. He is internationally recognized and has completed an AIDS sabbatical at the University of Miami and has been a consultant to the World Health Organization of AIDS related work. His current position is Chief of Immunology, Allergy, and Rheumatology at the Hôpital Ste-Justine in Montreal.

With respect to the future of NAC-AIDS, the Minister of National Health and Welfare has decided to re-examine the mandate and operation of the Advisory Committee and feels that its membership should be expanded to include the non-scientific and non-medical sectors which are involved with AIDS issues.

With respect to your reference to the level of funding, the government has committed $168 million to Federal AIDS initiatives through to the end of 1993.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—MONITORING OF SITUATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 30 last by the Honourable Senator Olson respecting Agriculture—Western Canada—Drought Relief Program—Monitoring of Situation.

(*The answer follows:*)

The final 1988 yield data on which the Canadian Crop Drought Assistance Program (CCDAP) payment rates are being based was not available until late May 1989. Because of the urgency of the needs of producers affected by the 1988 drought, the federal government made the decision to provide interim assistance, based only on preliminary data, to producers in those areas of Canada hardest hit by the 1988 drought.

To avoid the risk of overpayment, producers from townships hit with severe or moderate drought were eligible for interim assistance; while producers least affected by drought were eligible only for the final CCDAP payments.

Although producers whose acreage is outside the severe and moderate townships could not be provided with interim assistance, they remain fully eligible for a final payment if final data indicates yield losses in their township high enough to trigger a CCDAP payment. It should be noted that final payments will be adjusted to reflect funds received as interm assistance to ensure equitable treatment for all participating producers.

TURKS AND CAICOS ISLANDS

STATUS OF REPORT—REQUEST FOR COPY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 13 last by the Honourable Senator Guay respecting the Turks and Caicos Islands—Status of Report—Request for Copy.

(*The answer follows:*)

At Secretary of State for External Affairs' (SSEA) request, an examination of Canada's relationship with the Turks and Caicos Islands was carried out in 1987 by a Progressive Conservative Committee. It concluded that it would be inappropriate for the Government to take any initiative on the question of association with the Turks and Caicos Islands, a British dependency.

The Daubney Committee recommended that the Canadian private sector consider investing in the Islands, based on its own assessment of the commercial opportunities and risks involved. Trade between Canada and the Turks and Caicos Islands is small, and the modest Canadian investment there is primarily in the tourism sector.

There is continued interest within the Canadian private sector in pragmatic measures for the enhancement of trade, investment and other appropriate economic cooperation with the Turks and Caicos Islands. Consequently, as a follow-up to the Daubney Committee's report, the Canadian Government thus considered it desirable to have an assessment of how this could be furthered.

For this reason, SSEA engaged Mr. Dan McKenzie, former MP for Winnipeg-Assiniboine, to carry out a study. The objective is to provide an assessment of the most effective and efficient methods of increasing trade and investment, and how such private sector activities might best be facilitated by the public sector. Mr. McKenzie is an experienced Parliamentarian who has had a strong interest in this question for several years.

Any Canadian Government support for private sector activities in the Turks and Caicos Islands would be undertaken in close consultations with all other parties concerned, including, of course, the British Government. Canada already contributes to the Islands' development through our Caribbean regional aid program.

Mr. McKenzie visited the Islands in February for discussions with representatives of the public and private sectors. It has been agreed with Mr. McKenzie that he be given additional time to permit him to carry out further discussions with Canadian firms and individuals interested in trade and investment opportunities on the Islands. On the basis of these discussions, it is anticipated that Mr.

McKenzie will submit his report, with recommendations to the SSEA by June 30, 1989. A decision as to tabling the report, or otherwise making it public, will be made by the government in due course.

• (1450)

BORROWING AUTHORITY BILL, 1989-90

SECOND READING—DEBATE ADJOURNED

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill C-11, to provide borrowing authority.

He said: Honourable senators, the Borrowing Authority Bill for 1989-90 is in accordance with the Financial Administration Act, which requires that statutory authority be obtained from Parliament in order for the government to proceed with its regular statutory borrowing plan. Section 47 of the act provides for temporary, short-term borrowing. Statutory borrowing authority must be obtained from Parliament so that a regular debt program which meets the government's financial requirements may be implemented. A bill is tabled annually, therefore, with the intent of providing the government with parliamentary authority to borrow the funds it needs, as set forth in the budget. This year's Borrowing Authority Bill, C-11, is similar to the ones presented in past years. This bill proceeds directly from the information presented in the budget tabled on April 27 and follows the general practice for previous years' borrowing bills.

Allow me to outline the key provisions of the bill. Paragraph 2(1) of the bill requests borrowing authority in the amount of $24.8 billion for fiscal 1989-90. Of this, $21.8 billion represents borrowing requirements, made up of $20.5 billion for the government's estimated net financial requirements, excluding foreign exchange transactions, and $1.3 billion for forecast Exchange Fund Account earnings. The remaining amount is the usual $3 billion reserve that has been granted over the past few years.

Traditionally, the amount of borrowing authority requested in past fiscal years has been tied to financial requirements. The actual level of borrowing, however, is also influenced by foreign exchange transactions, which include Exchange Fund Account earnings. These earnings, which until recently were relatively small, have grown rapidly in recent years as a result of the increase in Canada's official reserves, reflecting the strength of the Canadian dollar. Until recently Exchange Fund Account earnings were not large enough to merit being noted explicitly in requests for borrowing authority. Five years ago these earnings amounted to about $300 million; in fiscal 1989-90, however, they are expected to reach $1.3 billion. At this level of earnings it becomes necessary to recognize these additional borrowing requirements as a distinct item in the government's request for borrowing authority.

As in recent years, the borrowing authority requested in the bill includes a $3 billion reserve to cover contingencies such as a further buildup in official international reserves in 1989-90. Canada's official international reserves can fluctuate quite widely from month to month. During a single month, for example, reserves have increased by as much as $2.8 billion. Increases in Canada's reserves must be financed by borrowings in the domestic market.

In paragraph 2(2) the government is asking for $750 million of statutory borrowing authority in order to refinance borrowings undertaken in March 1989, pursuant to section 47 of the Financial Adiministration Act. Funds borrowed under this section require no statutory authority since they cannot be rolled over in the regular way in the authority provided by section 46. In effect, this request for $750 million of statutory borrowing authority covers the shortfall in statutory borrowing authority in the last fiscal year.

Paragraph 3 states that on March 31, 1990, all unused borrowing authority granted by the Borrowing Authority Act, 1989-90, to the extent that unused authority exceeds $3 billion, will be cancelled. This paragraph, in preserving the government's non-lapsing reserve into the next year, accommodates the possibility that new statutory borrowing authority may not be provided before the 1990-91 fiscal year begins.

Let me review the government's debt operations during 1988-89, including how borrowing authority for the previous fiscal year was used. The domestic debt program increased the unmatured domestic debt outstanding by approximately $27.7 billion to $264.7 billion. The domestic debt program financed approximately $23.7 billion of borrowing requirements, which included Exchange Fund profits, as well as other foreign exchange transactions and a small buildup in cash balances. Domestic financial requirements, excluding foreign exchange transactions for 1988-89, it should be noted, are now estimated in the Fiscal Plan at $22 billion; this is about $300 million lower than was forecast in the budget of February 1988.

Marketable bonds accounted for $11.8 billion of the total new debt issued in 1988-89. During the year, moreover, the government increased the emphasis on selling bonds by auction; auctions now account for about 60 per cent of all marketable bonds issued, up from about 50 per cent in 1987-88. This increase reflects how cost-effective this form of issuing debt has been.

The government also raised $21.6 billion in new funds in the form of Treasury Bills during 1988-89. This was a dramatic increase over the previous fiscal year; approximately $5.7 billion of the amount issued, however, was to replace the decline in the stock of Canada Savings Bonds, and $5.4 billion was used to finance net requirements resulting from foreign exchange transactions.

Sales of Canada Savings Bonds during the fall-1988 campaign totalled $15 billion; these bonds bore a coupon of 9.5 per cent. After taking account of Canada Savings Bonds which matured in 1988 and other maturities which were redeemed during the campaign, the net amount raised in the campaign was $6.5 billion. Rising interest rates during late 1988 and early 1989, however, convinced some investors to redeem their bonds. In a measure designed to offset this effect to some

extent, the Canada Savings Bond interest rate was increased by 1 per cent to 10.5 per cent for the months of March, April, May and June; this stemmed somewhat the flow of redemptions. During fiscal 1988-89 the stock of outstanding Canada Savings Bonds declined by an estimated $5.7 billion to under $47 billion.

In closing I would like to call attention to the fact that all the information needed to deal with this bill is currently available. The borrowing authority requirements are set out in the budget; the bill is also related to the Estimates that have previously been tabled. The Fiscal Plan and other documents provide background information on the government's fiscal stance; Annex 7 of the Fiscal Plan provides background information on the government's debt operations; Part III of the Estimates, which deals with debt charges, has been amplified this year to provide additional information on the debt program.

Honourable senators, I commend the bill to you for second reading and I would suggest that it be referred to the Standing Senate Committee on National Finance for further study.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to adjourn the debate. It is our intention to allow the bill to go to committee tomorrow.

On motion of Senator MacEachen, debate adjourned.

[*Translation*]

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)—THIRD READING

Hon. Gérald A. Beaudoin moved the third reading of Bill C-7, an Act to amend the Criminal Code (pari-mutuel betting).

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

Hon. Eymard G. Corbin: Honourable senators, does the Chairman of the National Finance Committee, Senator Leblanc, wish to speak now?

Hon. Fernand-E. Leblanc: I shall speak after you.

Senator Corbin: Honourable senators, on May 18, I used the debate on second reading of Bill C-7 in this House to express my fears and concerns about the need and justification for this legislation.

The bill amends subsections 204(2) and 204(8) of the Criminal Code and would allow pari-mutuel betting on horse races broadcast on video.

In my statement, I mentioned the government's responsibility to its citizens for what is generally referred to as public morality and social responsibility, which in my opinion should be reflected in its programs and its laws. Today I remain convinced of the appropriateness of my remarks, in light of the deliberations of the Standing Senate Committee on National Finance and the testimony presented to it.

At the first meeting of the committee, the Parliamentary Secretary to the Minister of Agriculture, Murray Cardiff, and the Director of the Race Track Division of the Department of Agriculture, Charles Lalonde, presented the purpose of Bill C-7 to us as the protection of present employment in the horse-racing industry and new job creation. Of course, they did not dare to present it to us as the creation and establishment of a new lottery, because that is really just what it is, under another name.

During question period—I was not the only one to ask questions—senators who wanted to find out more about the harmful effects of the bill were given evasive answers, to say the least. The witnesses used contrived arguments and avoided answering the questions directly. Here is a quotation that illustrates this statement well:

I had said:

● (1500)

[*English*]

> To be frank and honest, I am not, in principle, opposed to racing, I am simply saying that this legislation on the Criminal Code does not address the social responsibility of the government. In fact, the government is now making it easier for people, especially the compulsive gambler, to go to the races. Why should the government open this up?

[*Translation*]

Then the Parliamentary Secretary to the Minister of Agriculture, Mr. Cardiff, replied:

[*English*]

> What has prompted this legislation is the decline in revenues for our racetracks. We have to recognize that the horse industry in Canada and racetracks in Canada provide a great amount of employment revenue and, particularly, revenue to agriculture. I am sure I do not have to emphasize the difficult times that agriculture has been facing over the past few years . . .

[*Translation*]

This answer, typical of those of other witnesses, clearly indicates that the witness was unwilling to answer questions concerning the social consequences and the public morality aspect of the bill. Mr. Lalonde alone admitted that there was a social cost involved, but he shifted the responsibility on to the provinces. Here is what he said:

[*English*]

> The point I would like to make is that I certainly recognize that it is a social issue and, because the provinces take $250 million to $300 million in taxes every year from the horse-racing industry—and probably billions of dollars out of the lottery revenues—I think the social issues associated with compulsiveness as a disease should be addressed by provincial governments.

[*Translation*]

It is therefore obvious, as these two quotations show, that no consideration had been given to the harmful effects of the bill. Apparently no serious study has been made on this issue.

The June 7 committee meeting with the management of Racetracks of Canada Inc. produced results similar to those of the first sitting. The witnesses would not answer questions

directly and always referred to the argument that the bill would have an economic impact and create jobs. Here is a good example: to a question asked by Senator Atkins, and I quote:

[*English*]

> I would like to ask what responses our witnesses today might give to the concerns that, as you are aware, these groups—

and he was referring to church groups—

> will be bringing to this committee.

[*Translation*]

Racetracks of Canada Inc. Executive Vice-President Seiling replied:

[*English*]

> I think I covered part of this question earlier, senator, in response to our earlier question. In my opinion, you need to look at the social benefits that our industry brings to Canada. As I said earlier, we represent many thousands of jobs . . .

[*Translation*]

Here again, the focus is always on the positive aspect of the economic benefits, while the moral and social issues are not even considered. Another witness, Mr. Bob Wright, President of Assiniboia Downs of Winnipeg, Manitoba, gave us a study of bettors' habits. The study did not deal at all with the disastrous social consequences of lotteries, gambling, pari-mutuel betting and the rest.

Witnesses representing Racetracks of Canada Inc. also described procedures and controls intended to prevent infiltration by criminal elements, implying they were practically infallible. Here again, we have no serious study on the subject. We have not even heard testimony from police officers who deal with criminal investigations on racetracks. We know things are happening out there.

Finally, at the committee's fourth sitting, the moral or ethical issues raised by Bill C-7 were discussed. Reverend John D. Hartley, a minister at St. Andrews United Church in Toronto who also spoke on behalf of the Toronto South Presbytery and the General Council of the United Church of Canada, made a remarkable presentation. Reverend Hartley explained the social consequences of gambling in general. According to him, the government has introduced legislation to legalize gambling, without any concern for the social cost and the disatrous impact on human lives.

The following reflects his concerns, and I quote:

[*English*]

> I would really like to see a study done. That is what we are really requesting. We want to see the evidence. If we could be shown to be wrong, then that would be fine. We are asking for a study to prove us wrong. We want to see what has happened. We have seen the good side. We hear the good news about legalized gambling in Canada—which is the money and what the money goes for—but this increases that base of gambling without our having, after 20 years, looked at what the cost is. We would like a study of actual cost, and of who is really paying the bill. It is something that we would like to see studied, before we engage in what I suggest will extend and enlarge not only the gambling practice but the fall-out of that practice right across the country, in areas which hitherto may not have had the opportunity to bet on the ponies.

[*Translation*]

Further on, Reverend Hartley added:

• (1510)

[*English*]

> . . . government, over the last 20 years, has not seriously looked at the implications of that behaviour. It has accepted the benefits to be taken from certain behaviour and has been able to draw on all of the arguments in favour of it, but I have yet to see a report that has looked at the down side . . .

If we are to look at the question of ethics and moral behaviour, we must consider legal behaviour, because that is what moral and ethical behaviour eventually become. Legal behaviour is the domain of Parliament and governments.

[*Translation*]

For Reverend Hartley, a certain responsibility falls upon the federal government because it did initiate the whole legitimazing process. Together with the provinces, the federal government should promote—or at least is supposed to promote—the development and welfare of individuals and, I would add, of society as a whole. Is the bill we are dealing with today likely to foster this major objective of the government? The answer is a resounding no.

That is why a serious and all inclusive study of this issue is required after 20 years. What has been the social, economic, cultural and moral impact on the Canadian society?

[*English*]

Who is really paying the bill?

[*Translation*]

Thank you, honourable senators.

Hon. Fernand-E. Leblanc: Honourable senators, I would like to take this opportunity on the third reading of Bill C-7, an Act to amend the Criminal Code (pari-mutuel betting), to say that since 1967, when I was in the other place, I have been proposing amendments similar to this bill. I introduced various similar bills on off-track betting, including some that were drafted by Senator Beaudoin. Maybe he remembers. They were intended to reduce illegal betting activities at race tracks and to increase federal and provincial revenues.

This bill has the same purpose, but it is also supposed to raise the revenues of race-track operators' associations and of owners of horses. It is also meant to reinvigorate the smaller, less profitable race tracks in Quebec and elsewhere in Canada.

In addition, it should harm no one in the horse-racing industry. If it has all the effects that the government and the race-track operators' associations ascribe to it, it will be an excellent piece of legislation. Unfortunately, we have all seen

some of the best-intentioned legislation have disastrous results for the very ones it was meant to help.

I hope that Bill C-7 will not be such a bill.

Motion agreed to and bill read third time and passed, on division.

[*English*]

(*Later:*)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, His Honour the Speaker announced the passage of Bill C-7 without amendment. I take it that the formal report of the Senate will show that it was without amendment but with a recommendation.

The Hon. the Speaker *pro tempore:* To what recommendation is the Honourable Senator Frith referring?

Senator Frith: Honourable senators, I just want to be sure that the recommendation that appears as follows is included:

> . . . reports the same without amendment.
>
> Your Committee, however, makes the following recommendation:
>
> After twenty years of government—

It is at page 155 of the *Minutes* of June 13, 1989.

The Hon. the Speaker *pro tempore:* Honourable senators, this is not part of the bill.

Hon. C. William Doody (Deputy Leader of the Government): No.

The Hon. the Speaker *pro tempore:* If it is the wish of the Senate to include that in the report to the House of Commons, then the Senate must so order that that action be taken.

Senator Frith: Honourable senators, I thought we had agreed that where there is such a recommendation it would be included in the message to the House of Commons. If that has not been established as a principle, then I would ask that the recommendation be included in the message to the House of Commons, because it does represent an important part of the opinion of the committee and is related to the committee's agreement to recommend the bill without amendment.

Senator Doody: I have no problem with that, honourable senators. The bill is one entity; the recommendation is another. They go off together to the House of Commons and that is the message from the Senate.

Senator Frith: As long as the recommendation is included in the message to the House of Commons.

The Hon. the Speaker *pro tempore:* I take it there is agreement in the Senate that the message to the House of Commons include the recommendation.

Hon. Senators: Agreed.

[*Translation*]

PRIVATE BILL

THE SAFEGUARD LIFE ASSURANCE COMPANY—SECOND READING

Hon. Michel Cogger moved the second reading of Bill S-5, to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec.

[Senator Leblanc.]

He said: Honourable senators, today it is my privilege to move the second reading of a bill that would allow The Safeguard Life Assurance Company to be continued under the Quebec Insurance Act.

Safeguard, a company with share capital, founded in 1901, marked a milestone in Canada's and Quebec's economic history when in 1962, it became the exclusive property of Quebec's credit unions.

After humble beginnings, Safeguard, with $52 million in assets, was by 1962 the largest francophone life insurance company in Canada. Today, its assets total $798 million.

Last year, the elected directors of Mouvement Desjardins approved Safeguard's development and capitalization plan. As a result, Mouvement Desjardins has already increased the company's capital and made a commitment to future capitalization of the company.

Today, Safeguard is asking to be continued under the jurisdiction of Quebec. This is a step requested by Safeguard's policy holders, shareholders and administrators, so that the company will be able to grow and prosper in a highly competitive and changing environment together with our country's financial institutions. To do so, it must be governed by a single regulatory body, the same body that already regulates all other activities of Mouvement Desjardins, namely the Inspector General of Financial Institutions of the Province of Quebec.

The Minister of State for Finance at the time, the Honourable Thomas Hockin, the Superintendant of Financial Institutions, Mr. MacKenzie, and the Inspector General of Financial Institutions of Quebec, Mr. Bouchard, were informed of all the details of the Safeguard project and have given the proposed legislation their support.

Honourable senators, the purpose of continuing this company under Quebec jurisdiction is not to evade or reduce the present supervision of its business but to achieve greater transparency.

In fact, this step will oblige the company, in addition to complying with the regulations governing federally-incorporated insurance companies and with the Quebec regulations, to comply with all requirements in all Canadian provinces, something from which companies with a federal charter are exempted.

In concluding, honourable senators, the proposed transfer of jurisdiction for Safeguard is clearly beneficial to its shareholders, customers and the general public. Consequently, I would urge honourable senators to give the Safeguard bill appropriate consideration so that the company will be able to carry out its plan as soon as possible.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall the bill be read a third time?

On motion of Senator Cogger, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

SCRUTINY OF REGULATIONS

FIRST REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the first report of the Standing Joint Committee for the Scrutiny of Regulations (standing order of reference), presented in the Senate on June 13, 1989.

Senator Michel Cogger: Honourable senators, I move the adoption of the report.

Motion agreed to and report adopted.

• (1520)

[*English*]

SECOND REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the second report of the Standing Joint Committee for the Scrutiny of Regulations (authorization to travel), presented in the Senate on June 13, 1989.

Hon. Michel Cogger: Honourable senators, I move the adoption of the report.

Motion agreed to and report adopted.

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on the evolution of the costs of Canada's health system and its consequences and to the need to appoint a committee or a sub-committee to study the matter.—(*Honourable Senator Haidasz, P.C.*).

Hon. Stanley Haidasz: Honourable senators, I am very pleased to rise in this place this afternoon to join the interesting and enlightening discussions that we have been having recently on the health care system in Canada. In particular, I was impressed with Senator David's presentation of his researcher's report on the evolution of the cost of Canada's health care system and his motion for a Senate committee to study the matter.

As he and some of our other colleagues have mentioned, we in Canada are fortunate to have a medicare system that we can be proud of, particularly when compared to the health care system in the United States and the health care systems in other industrialized countries.

The first question our health care facilities ask patients is: "What can we do for you?" Not: "Will that be cash or charge?"

American politicians like Senator Edward Kennedy, Lee Iacocca and others struggle with the economic and social disparities inherent within the United States health care system. We have heard the horror stories—which unfortunately are true—of low-income Americans dying while going from hospital to hospital seeking someone to treat them.

Jesse Jackson evoked a stinging summation of the terrible situation facing Americans in need of health care during his address to the National Democratic Party Convention in last year's presidential election race. To paraphrase Mr. Jackson: The thousands of people who change the linen on hospital beds could not afford to lie in one of those beds if they became ill; the thousands of people who clean hospital hallways, who prepare hospital meals and who wash hospital dishes would not be admitted to the very hospitals they work in because they cannot afford the insurance that would allow them to do so.

No one in this country is being turned away from emergency departments and hospital rooms because he is poor. I don't think anyone in this country would ever be turned away from an emergency department or hospital room because he is poor. Canadians would not allow that. This is the greatest testimony to our national character which prizes universal health care as a necessity and a right, not a theoretical possibility, as in the United States at this time.

As for the evolution of hospital and medical insurance in Canada, I am especially proud of it because it has been the conviction, sensitivity and perseverance of successive Liberal governments that has guided this evolution. As a practising physician in 1951 in a working man's area of Toronto, I found it a sad experience to see so many sick people delay medical attention, drug purchases and hospital admission for serious illnesses, such as cancer and heart attacks, because they did not have medical insurance or money. That is why I decided to seek a seat in the House of Commons in 1957, and I was proud to run and win under the Liberal Party banner which brought in legislation providing a hospital and diagnostic services plan.

I should like to quote the Honourable Paul Martin, who, as Minister of National Health and Welfare, said, in 1957:

> I am sure the house will recall the day when . . . the late Right Honourable W. L. Mackenzie King, on May 14, 1948 announced . . . the National Health Grants Program . . . Mr. King pointed out then that the grants provided important financial assistance to the provinces in the development of better health services for the people of Canada, wherever they might live. But their true significance and purpose . . . were, in fact, and I quote, (King's words exactly) "a fundamental prerequisite of a nation-wide system of health insurance."
>
> Ever since that time . . . this government has kept—as have others—the concept of the purpose and goal of the National Health Program in the forefront of its thinking and planning. We have laid the groundwork for what is now being done. We have planned, stimulated and financed in collaboration with the provinces, the expansion and development of our local public health services, our skilled health personnel, our hospital plant and equipment to meet the requirements of our growing population.

Honourable senators, I truly feel that Mr. Martin's words perfectly sum up the Liberal Party's tradition initiated by Mackenzie King as far back as 1919, a vigorous participation in the evolution of our present-day health care system. The Hospital Insurance and Diagnostic Services Act received Royal Assent in April 1957, under the Honourable Mr. Martin, followed by the Medicare Act in December of 1966, under the then Minister of Health and Welfare, our colleague in the Senate, the Honourable Allan MacEachen, followed by the Health Care Act of 1984, under the then Minister of Health and Welfare, Monique Bégin.

● (1530)

I mention this in the interest of crediting the many individuals in the history of the Liberal Party who have worked so hard in the evolution of health care in Canada, but this is not to denigrate those individuals in other parties on Parliament Hill who have cared deeply for the health and welfare of Canadians.

However, nothing is perfect. Health care costs continue to increase each year. The reasons for this are varied and complex. They include new technologies which require costly and sophisticated machinery and human expertise to replace outmoded facilities. There are the increased demands on the health care system, particularly with our aging population and the increased need for extendicare services. Demographics show us that approximately 11 per cent of Canadians are currently 65 years of age and older. By the year 2021 this will have increased to 18 per cent, and our health care system must be prepared to deal with this problem and many others.

Another reason for rising health costs in Canada, of course, is the increased payments to medical personnel, nurses, and other health care technicians. Unfortunately, these payments, in some provinces in Canada, do not even keep up with the cost of living. In particular, nurses are unappreciated, overworked and underpaid, and I sympathize with those nurses in Quebec and British Columbia today who are asking for fairer remuneration for their hard work. Blaming doctors for the rising health care costs is unfair and reveals an immature way of thinking, as well as an incomplete understanding of the facts. I would not wish upon any Canadian the type of medical care that is provided in some socialized or capitalist countries.

In Canada, although health care is a provincial responsibility, it is heavily subsidized by federal funds. Even so, it is costly to the provincial governments. In Ontario health care costs consume one-third of the provincial budget. In breaking down the health care costs in Ontario for 1988-89, it was astonishing to learn that 52 per cent goes to institutions such as hospitals and nursing homes, 4 per cent to community services, 5 per cent to mental health programs, 6 per cent to emergency care and special services, 32 per cent to the Ontario Hospital Insurance Plan, and only 1 per cent to administration.

Unfortunately, the trend in the last few years has been towards less financial input by the federal government. As a result, more of the financial burden for health care is placed on the provinces. Ottawa's recent budget reflects this trend. For 1988-89, payments by the federal government toward the Established Programs Financing, which, since 1977, has replaced the previous 50-50 cost-sharing arrangement for health care, is down substantially.

Ontario's in-year "changes to revenue" in 1988-89 showed payments from the federal government for the Established Programs Financing down by $251 million. To quote from the recent Ontario budget speech:

> The federal budget further reduces Canada's commitment to the historic partnership which has supported health and post-secondary education. Previous reductions introduced by the federal government to the Established Programs Financing entitlements for Ontario amounted to approximately $970 million last year and will be about $1.2 billion this fiscal year. With the latest changes, the federal share of these programs will be reduced from a high of 51 per cent in 1979-80 to less than 38 per cent.

Moreover, it is estimated that the federal government has reduced its support of the EPF by $3 billion over the last three years. That is bad news for provincial governments, taxpayers and patients.

Nationally, our health care costs in 1988 have been estimated to have been $52 billion, which is equivalent to 8.5 per cent of the Gross National Product. We should also keep in mind that this cost breaks down as follows: hospital and institutions, $25.8 billion; physicians' fees, $8.4 billion; drugs, $6 billion; and other costs, $11.9 billion.

Of great concern to provincial governments, insurers and consumers of health is the increasing cost of prescribed and non-prescribed drugs. In 1988 the total cost of these drugs amounted to $6 billion in Canada. It is feared that these costs, especially those of provincial drug benefit plans, are growing dangerously high and that the burden to the provincial taxpayers will be intolerable.

Insurers, even the great and rich Sun Life Assurance Company of Canada, are feeling the heavy burden of these escalating health costs, especially for medical supplement benefits that include the cost of prescription drugs.

Last week I was shocked to learn from an April 24, 1989, Sun Life information sheet, which was given to me by a friendly neighbourhood pharmacist in Toronto, that life and health insurance companies across Canada are experiencing seismic shocks to medicare supplement plans. These consumer plans, which are funded by client premiums, are encountering phenomenally large increases in drug benefit costs. The culprit is Bill C-22. Bill C-22, the statement says, was the federal legislation that provided extensive patent and pricing protection to multinational drug companies. This information sheet also revealed that very significant cost increases were applied to drug costs. Since then these large costs have increased the private health plans of these insurance companies across the country.

A subsequent information sheet from May stated as follows:

> Most provinces will have medical supplement increases on new quotes with adjustments ranging up to 30 per cent higher. The absolute main reason for the increase has

been the dramatic one-year effect on drug prices from the government's Bill C-22 legislation on patent drug protection. The effect has been industry and Canada-wide. However, the worst of its impact is expected to be this year (1989).

A February 1989 Canadian Drug Manufacturers' Association brief submitted to the Commission on Selected Health Care Programs in the province of New Brunswick stated, and I quote from the brief:

• (1540)

> The New Brunswick Health Department reported that prices for brand drugs purchased for the provincial health plan grew by 7.3 per cent last year while generic drugs in the same plan increased by only 2.6 per cent in the same period. The inflation rate was 4.1 per cent in this same 12-month period.

The brief goes on, at page 8, to say:

> The budgetary implications for provincial governments trying to control escalating health care costs are serious as the flow of new generic drugs is "frozen" for up to ten years, because of patent exclusivity granted to the multinational brand companies under Bill C-22. Health care budgets are already strained and will become even more so, primarily because of an aging population and as drug prices continue to rise and—governments are less able to pay for the high-cost drugs. The already over-burdened provincial drug plans may be in jeopardy if controls are not exercised.

A further criticism of Bill C-22, which set up the Patented Medicine Prices Review Board to ensure that drug price increases do not exceed the rate of inflation and to monitor the entry level cost of new drugs, comes from Nick Leluk, the executive director of the CDMA. He was recently quoted in the *Financial Post* as saying: "The board has not done its job and entry level prices of new products are higher than ever."

Honourable senators, many more issues in the health care system need to be addressed, but I will not take up your time this afternoon. I would, however, mention in passing some neglected but important aspects of health care, such as prevention and health promotion. Others are the increased human misery and financial costs of what one of my medical teachers at St. Joseph's Hospital—and Dr. Barootes would recognize him, Dr. James McCollum—described as the "wages of sin" when he made his urological rounds at that hospital in the two decades after World War II.

Senator Barootes: The four decades!

Senator Haidasz: It was four decades he taught there.

These are the results, he said, of social promiscuity, a declining morality in our society—things such as syphilis, gonorrhea, chlamydia, alcoholism, drug abuse, tobacco smoking, sterilization procedures in both males and females, abortion and AIDS.

Honourable senators, in light of these problems I think it would be beneficial that the Senate committee recommended by Senator David at least examine the highlights of the critical aspects of the rise in costs in our health care system. Perhaps this committee should find out what is the cause of the decreasing federal participation in national medicare costs in each province. Perhaps the committee could also investigate whether the cuts in medicare will jeopordize or are already jeopardizing the access to and the universality of fundamental principles of Canada's health care system.

In that committee senators could ask questions such as: How will provincial governments make up the difference in decreased financial contributions on the part of Ottawa? Will they affect the quality of our health care system? I feel that these are crucial questions in the face of this complex issue. I look forward to the findings of the Senate committee. However, I would caution this committee that perhaps it will be putting too much on its plate. I recall that the Hall Royal Commission on Health spent three and a half years on that study and it cost the treasury $1.5 million. I do not think a similar Senate budget would be available for such a study.

Honourable senators, if I might be permitted to get a little philosophical, it has been the history of mankind to strive constantly for the perfection of its inventions and innovations. That is a good thing. We may not reach the goal of perfection, but in trying to we often produce concrete improvements which make things better, if not perfect. So we in Canada must strive to further improve our health care system and to make sure that we can afford it.

I would like to state that Senator David's research report on the spiralling costs of health care in Canada vividly shows us, as do the remarks of our colleagues, Senators De Bané, Gigantès and Barootes, who spoke previously, that there are problems in Canada's health care system. I feel that a Senate committee such as that which our honourable colleague, Senator David, has proposed is one way to work towards this goal. I wholeheartedly support his proposal and eagerly anticipate the committee's recommendations.

On motion of Senator Doody, debate adjourned.

PAROLE AND CORRECTIONS

MOTION FOR TABLING OF DETENTION PROVISIONS EVALUATION REPORT WITHDRAWN AND ORDER DISCHARGED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Anderson:
>
> > That there be laid before this House copy of the Evaluation Report of detention provisions contained in the Bill C-67, An Act to amend the Parole Act and Penitentiary Act, of the 1st Session of the 33rd Parliament, prepared for the National Parole Board and the Correctional Service of Canada and completed in September 1987.—(*Honourable Senator Nurgitz*).

Hon. Nathan Nurgitz: Honourable senators, I have had discussions with Senator Hastings on this order. I am anxious to report that Senator Hastings is satisfied that what he was

seeking has been delivered to him. I asked Senator Petten to confirm that with him today, which he did.

Last week it was agreed between Senator Hastings and me that, when either one of us was next in the chamber when this order was called, he would request the consent of the Senate to have the motion withdrawn and the order discharged.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

Motion withdrawn and order discharged.

FEDERAL ELECTION, 1988

THIRD-PARTY ADVERTISING—DEBATE ADJOURNED

Hon. Philippe Deane Gigantès rose, pursuant to notice of Tuesday, June 13, 1989:

> That he will call the attention of the Senate to third-party advertising during the last federal election.

He said: Honourable senators, I shall not take up much of your time today and would ask for your indulgence in allowing me to then adjourn the debate until tomorrow.

I should like to address senators on the question of whether democracy can flourish when media selling techniques—similar to those used by people to sell 330 milligrams of acetylsalicylic acid under different brand names, swearing up and down all the while that their 330 milligrams of the identical substance performs better for you than anyone else's—become involved in the political process and in transmitting the ideas of political parties, not just one but all political parties, in this way.

I should like to draw to senators' attention, with the aid of the research done by Miss Sarah Dearing, the question whether the information battle around the Free Trade Agreement last year was in keeping with the democratic process and whether the information battle gave the voters any possibility to inform themselves.

I should like to inform senators that both sides of the dispute failed. The media failed, and that is something that should worry both sides of this chamber and of the other House, because democracy depends upon information. One of our basic freedoms is the freedom of assembly. It has become an established right so that people can exchange information and learn. For freedom of the press, the same can be said.

These trends are dangerous, and the Senate, in its duty to give sober second thought, should examine them.

● (1550)

With the permission of honourable senators, I should like to adjourn the debate until tomorrow.

On motion of Senator Gigantès, debate adjourned.

[Senator Nurgitz.]

[*Translation*]

LEBANON

CURRENT SITUATION—DEBATE ADJOURNED

Hon. Pierre De Bané rose pursuant to notice of inquiry of earlier this day:

> That he will call the attention of the Senate to the situation in Lebanon.

He said: Honourable senators, for 15 years Lebanon has been a bloody battlefield.

Why? Because Lebanon was the most generous and most hospitable land on this planet. That is how our history started, and since the dawn of civilization, this land has been home to many different peoples, languages, religions and cultures.

Lebanon is the land of freedom and democracy. Lebanon is the crossroads of western and eastern civilizations.

Its people are suffering because foreign elements invaded its territory to settle their differences.

At this very moment, the eastern part of Lebanon, the Christian part, has for several months been the target of Syrian gunfire. The people there now lack even the most basic necessities, and I am referring to bread, water, gasoline and food generally.

Within the last few hours, the situation in the Christian area has become extremely critical.

Quite frankly, if Lebanon disappears, an important part of our heritage will disappear with it.

Recently, there was a meeting of the Arab League in Morocco, when we had the Francophone Summit in Senegal.

The Arab League formed a committee consisting of the heads of State of three member countries, to prepare for a cease-fire. At this very moment, we can say that the efforts of the three mediating countries have failed utterly.

It is now my sad duty to inform you that the thousands of Lebanese living in the Christian part of the country are literally about to be crushed and strangled.

I say this: What are the Arab countries waiting for to step up their efforts? Do they realize that a people is dying and that its suffering is so terrible that every person of Arab origin on this planet, and I am one of them, is filled with shame and sadness? History will come down heavily on the Arab heads of State who, either by omission or commission, are responsible for the fact that this war rages on.

As for our country, I have personally informed the Prime Minister, Mr. Mulroney and his Chief of Staff, Mr. Stanley Hartt, of the extreme gravity of the situation.

I must give credit to the Prime Minister, who assured me of his very great sympathy for Lebanon's cause and his readiness to support any measures that the western world might take to help restore peace to Lebanon.

He told me that as a result of his initiative and that of his chief of staff, he was able to have the Francophone Summit in Dakar, Senegal adopt a resolution restating Canada's commitment to the independence of Lebanon.

Honourable senators, this resolution reads as follows:

May 23, 1989—9:00 RES. No. 4

RESOLUTION
ON LEBANON

The Heads of States, of Governments and of Delegations of Countries having in common the use of the French language,

Recalling the Resolution of solidarity with Lebanon carried by the Sommet de Québec,

PROFOUNDLY worried about the tragic situation which has prevailed in Lebanon for fifteen years and which aggravates the tragedy of the Lebanese people,

PARTICULARLY concerned about the destruction of a large part of Lebanon's school centres as well as cultural, educational and technical institutions, a destruction which may well deal a severe blow to the country's intellectual and spiritual influence and paralyse its role as a prime centre of exchange and dialogue between cultures, and as an example of conviviality and tolerance,

PROCLAIM the urgent need to restore peace in Lebanon within the strict regard to its sovereignty, territorial integrity, unity and independence in accordance with the successive resolutions of the United Nations Security Council concerning Lebanon;

SUPPORT the efforts put forth by the International Community and Authorities, and assert their support to the League of Arab States in their endeavours to bring about an immediate cease-fire in Lebanon and to start, without delay, the process for a final solution to the Lebanese crisis with regard to all its internal and external aspects in order to reach a national reconciliation based on principles of right, justice and equality within the strict regard to Lebanon's sovereignty, territorial integrity, unity and independence;

DETERMINE the renewal of the solidarity fund established by the Sommet de Québec for the reconstruction of Lebanon's cultural, educational, technical and hospital institutions and call on member states to participate in financing this solidarity fund.

Honourable senators, I think that it is the duty of all of us to ask the Canadian government to intensify its efforts so that this people, the cradle of civilization on this planet, will not disappear tomorrow while we, particularly in the western world, remain passive.

Honourable senators, thank you very much for your understanding.

Hon. Royce Frith (Deputy Leader of the Opposition): Would Senator De Bané allow me to ask him a question?

Senator De Bané: Certainly, Senator Frith.

Senator Frith: The details of who moved and adopted this resolution escaped me.

Could you repeat exactly who supported this resolution?

Senator De Bané: I am glad to answer this question. The Canadian government presented this resolution at the Francophone Summit in Dakar, Senegal. It was passed unanimously by the forty or so countries that were present at this summit.

Senator Frith: Were most francophone countries represented at this summit?

Senator De Bané: Yes, all francophone countries were represented, except for two or three, I think. The vast majority of them were represented either by their head of government or their head of state.

Senator Frith: So we can certainly say that the francophone community supports this resolution.

Senator De Bané: I think that conclusion is quite correct. All French-speaking countries that were represented at this summit voted in favour of the resolution and some of them, of course, are Arab countries or members of this summit. I am thinking of Tunisia, Morocco and Egypt, among others.

All these countries, as well as the Arab countries that also belong to the summit, voted unanimously in favour of this resolution presented by Canada.

Senator Frith: Thank you, Senator De Bané.

[*English*]

Hon. Stanley Haidasz: Honourable senators, in these dark hours of Lebanon's history, perhaps the Senate should also adopt this resolution and direct the Speaker of the Senate to send the resolution to the Secretary General of the United Nations. If there is approval, I should like to introduce the motion and to ask the Senate either to discuss it or to approve it.

● (1600)

Senator Flynn: It should be in writing.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I think Senator De Bané should submit his resolution in writing so that we can read it before we adopt it.

I don't say that I am against that resolution but I was going to adjourn the debate on that inquiry by Senator De Bané.

If you want to bring in a resolution, you will be able to do so tomorrow, but I think it should be in writing.

[*English*]

Senator Haidasz: Honourable senators, in reply to Senator Asselin's question, I should think that the resolution read by Senator De Bané is good enough for the Senate to adopt and for the Speaker to forward to the Secretary General of the United Nations. In other words, I hope that the Senate will adopt the very resolution read out by Senator De Bané and which was adopted by the conference he mentioned.

Senator Flynn: It has to be in writing.

Senator Frith: Honourable senators, as Senator Flynn has pointed out, motions should be in writing and, of course, they require notice. Perhaps we could agree that Senator Haidasz can give notice today that he will propose his motion tomor-

row. In that way we would all have a chance to see what it is. The resolution referred to and read by Senator De Bané is in writing, and perhaps we could have consent that it be put forward as a notice of motion by Senator Haidasz.

Senator Doody: Agreed.

[*Translation*]

Senator De Bané: Let me add, Senator Asselin, that this resolution is the Canadian government's initiative. It has received unanimous approval at the Francophone Summit and was made available to me by Prime Minister Mulroney on the his return.

Senator Asselin: I am aware of that resolution. I was in Dakar as a representative of the International Association of French-Speaking Parliamentarians, when that resolution was approved by the heads of state or their representatives.

What I did not quite get from your remarks is whether you are putting forward as a formal motion the resolution you read before the Senate. If this is the case, it should be put forward before the Senate as a formal motion, with mover and seconder, on which the Senate could vote.

[*English*]

Senator Haidasz: If I have to rise again, I am only too happy to do so.

Senator Frith: You can give notice.

Senator Haidasz: If we cannot agree by unanimous consent to pass the motion today, then—

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, please excuse me. Senator Asselin has already indicated that he intends to adjourn the debate. The debate will continue tomorrow when he speaks. Senator Asselin is very concerned and interested in the particular situation and has been very active in the French parliamentary associations. That being the case, I can see nothing that can be lost by going by the rules of the chamber as they are set down.

Senator Haidasz: Then, honourable senators, I defer to Senator Asselin, who wishes to speak to this motion tomorrow.

[*Translation*]

Senator Asselin: Honourable senators, without wishing to delay the debate and the adoption of the resolution Senators De Bané or Haidasz intend to move before the Senate, I would like perhaps to say a few words concerning Senator De Bané's comments.

Let me ask for leave to move that the debate be adjourned.

[*English*]

Senator Frith: Honourable senators, what we have before us now is an inquiry, not a motion. I thought I saw some heads nodding that we would permit Senator Haidasz—

Senator Doody: To give notice.

Senator Frith: —to say now, "I give notice that tomorrow I will move that", and so on.

Senator Flynn: Explain it to him.

On motion of Senator Asselin, debate adjourned.

LEBANON

NOTICE OF MOTION FOR ADOPTION OF FRANCOPHONE SUMMIT RESOLUTION ON INDEPENDENCE

Leave having been given to revert to Notices of Motions:

Hon. Stanley Haidasz: Honourable senators, I give notice that on Tuesday next, June 27, 1989, I will move the adoption of the resolution on the subject of the State of Lebanon, as outlined in remarks made a few moments ago by Senator De Bané.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 301*)

FISHERIES

SECOND REPORT OF STANDING SENATE COMMITTEE

TUESDAY, June 20, 1989

The Standing Senate Committee on Fisheries has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Tuesday, June 13, 1989, to examine all aspects of the marketing of fish in Canada, and all implications thereof, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JACK MARSHALL
Chairman

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON FISHERIES

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD JUNE 13 TO OCTOBER 31, 1989

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Tuesday, June 13, 1989:

"Pursuant to the Order of the Day, the Senate resumed debate on the motion of the Honourable Senator Thériault, seconded by the Honourable Senator Kirby:

That the Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;

That the papers and evidence received and taken on the subjects before the Committee during the 33rd Parliament be referred to the Committee; and

That the Committee present its final report to the Senate no later than 31 October 1989.

After debate,
The question being put on the motion, it was--
Resolved in the affirmative."

GORDON BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services	**$ 44,463.00**
Transportation and Communications	**3,000.00**
All Other Expenditures	**9,000.00**
TOTAL	**$56,463.00**

The foregoing budget was approved by the Committee on the 13th day of June 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Chairman, Standing Senate Committee on Fisheries
Jack Marshall

Date: June 13, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 15, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services

1.	Expert Counsel Maximum of 100 hrs @ $65.00 / hr.	$ 6,500.00	
	Administrative & Research Assistant 4.5 months @ $2,925 per month	13,163.00	
	Editor Revision and editing french and english versions of the report	20,000.00	
	Registration Fees Three conferences/conventions/seminars attended by four representatives of the Committee @ $400.00 per	4,800.00	$44,463.00

Transportation and Communications

1.	Telegrams and Telephones	500.00	
2.	Postage and Freight	2,500.00	3,000.00

All Other Expenditures

1.	Publications	1,000.00	
2.	Advertising	5,000.00	
3.	Contingency	3,000.00	9,000.00
TOTAL			$56,463.00

APPENDIX (B) TO THE REPORT

THURSDAY, June 15, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget present to it by the Chairman of the Standing Senate Committee on Fisheries for the proposed expenditures of the said Committee with respect to its examination on all aspects of the marketing of fish in Canada, and all implications thereof, as authorized by the Senate on Tuesday, June 13, 1989. The said budget is as follows:

Professional and Other Services	$ 44,463.00
Transportation and Communications	3,000.00
All Other Expenditures	9,000.00
TOTAL	$56,463.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

THE SENATE

Wednesday, June 21, 1989

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

Prayers.

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-2, to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain acts in consequence thereof.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

Hon. C. William Doody (Deputy Leader of the Government): With leave, later this day.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should like to speak to the question of leave. This bill, dealing with transportation accident investigations, would in the normal course find its way eventually to the Standing Senate Committee on Transport and Communications. I have no objection to that happening, but I do want to call something to the attention of the Senate. I am sorry that the chairman of that committee is not here today, because what I want to discuss concerns an interesting memorandum he circulated about this bill. The memorandum is dated June 20—yesterday. We know that Senator MacDonald has been a great supporter of the prestudy of bills. The inventor of prestudies, Senator Hayden, is no longer with us, either here or physically on the planet, but I think he may be trying to rule us, from his grave, through Senator MacDonald.

Senator MacDonald, undaunted by the fact that we have not recently prestudied any legislation—in fact, we have denied that for a very good reason—has circulated to his committee a memorandum saying that he had had a meeting with the steering committee on the bill already and that he had his witnesses all lined up. The witnesses who would appear before the committee on this bill were picked, and the list was attached to the circular. The next sentence, after the words "the list is attached", reads, "Thursday's list is cast in stone."

Senator Doody: Formidable!

Senator Frith: So, at the time he wrote this memorandum the bill was not even in the Senate, let alone leave having been granted to abridge the notice. Yet, he had cast, yea, in stone a list of witnesses who, I assume, their names having been thus engraved on a Senate list of stone, would not wish to decline to appear and who would have appeared here whether or not the Commons had passed the bill, whether or not the Senate had passed the bill or sent it to committee; whether or not the Senate had even given leave to have the bill dealt with ahead of time. So I make this quiet and respectful intervention—

Some Hon. Senators: Oh, oh!

Senator Frith: —to remind Senator MacDonald, who can read my comments in due course, that he and I have a mutual friend, nicknamed "Fast" Eddie Goodman. I want to tell Senator MacDonald, alliteratively, that we will keep our eyes on "Fast Finlay."

Hon. Orville H. Phillips: Honourable senators, on the matter raised by Senator Frith, I would agree with him that Senator MacDonald has acted like a Liberal committee chairman. We shall try to get him to be a bit more cooperative in the future.

Senator Frith: That is the only part about him we like! However, I am glad to have that undertaking from Senator MacDonald's whip.

The Hon. the Speaker *pro tempore:* Honourable senators, is leave granted?

Hon. Senators: Agreed.

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-8, an Act to amend the Department of Labour Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Wednesday, June 21, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FOURTEENTH REPORT

Your Committee recommends:

1. That, with respect to Second Language Training Expenses, the per diem meal allowance for immersion courses be such reasonable expenses with detailed receipts, and

2. That, with respect to the annual adjustment of allowable expenses:

(a) Regulation No. 7 of the *Senators' Travel Policy* be amended to a maximum limit of $145 per day upon production of receipts, for hotel, meal and related expenses;

(b) The rate of reimbursement for taxi expenses without a receipt be a maximum of $20;

(c) The amount of reimbursement when Senators travel by car be 29.5 cents per kilometer.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

FIFTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Wednesday, June 21, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIFTEENTH REPORT

Your Committee recommends that a new system of recording attendance for all Senate employees be established effective July 1, 1989.

The new system will include a form to be completed each month by all employees, including management, stating that they were present for all work days in that month, except for specific dates noted that were taken as annual leave, sick leave, etc.

Respectfully submitted.

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

ENERGY AND NATURAL RESOURCES

FIRST REPORT OF COMMITTEE TABLED

Hon. Dan Hays: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Energy and Natural Resources respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

BANKING, TRADE AND COMMERCE

FIRST REPORT OF COMMITTEE TABLED

Hon. Sidney L. Buckwold: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Banking, Trade and Commerce respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

NATIONAL HEALTH PROGRAM

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY PROBLEMS IN SHORT-TERM CARE HOSPITALS AND INSTITUTIONS

Hon. Paul David: Honourable senators, I give notice that on Tuesday next, June 27, 1989, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to undertake a preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada; and

That the Committee present its report no later than March 31, 1990.

[*English*]

QUESTION PERIOD

AGRICULTURE

GRAIN—INITIAL PRICE FOR 1989-90 CROP YEAR—REQUEST FOR RECONSIDERATION

Hon. H.A. Olson: Honourable senators, I should like to address a question to the Leader of the Government with respect to the initial prices that the Canadian Wheat Board has been authorized to pay for the 1989-90 crop year. I raise the question now because I hope that, if the Leader of the Government does not have the information at his finger tips, he will be able to obtain it before we adjourn for the summer next week, which I understand will be on Thursday, or perhaps even on Wednesday.

The initial prices were announced some weeks ago and there was a reduction of as much as 20 per cent in the gross initial price for some grades of wheat, which would be enough to wipe out all of the profit that some producers would have. The fact of the matter is that international wheat prices have not declined to that extent. There has been some fluctuation, but the price for wheat in the world market, as set on the Chicago Board of Trade, is over $4 U.S. per bushel for some grades, which does not justify the kinds of reductions the government made when they announced the initial prices.

Therefore, I was wondering if the Leader of the Government could tell us that the government is now prepared to recant and give us an indication of what a reasonable initial price would be for this grain, because the reductions that were announced were a very heavy blow for some people.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall obtain a report on that matter from my colleague and I undertake to bring it into the house before we adjourn for the summer.

Senator Olson: A very good answer, thank you.

ATLANTIC CANADA OPPORTUNITIES AGENCY

NEW BRUNSWICK—COMMITMENT AND EXPENDITURE OF FUNDS

Hon. L. Norbert Thériault: Honourable senators, about a month ago or more I asked a question of the Leader of the Government in the Senate. A couple of weeks ago I reminded him of my question. Today I read in a report that part of the answer to my question is that ACOA expended $58 million in New Brunswick in the week of November 14 to 20. I wonder if the Leader of the Government could make a calculation of how much that would be in a year and give us an explanation as to why there was that expenditure in that week.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The honourable senator did not read the article in question very carefully. Had he done so, he would have seen that the responsible official at ACOA explained the situation in some detail. First of all, it is inaccurate to say, as the honourable senator would know if he had read the article carefully, that $58 million, or whatever it was, was spent in a given week. As the official pointed out, private-sector firms and individuals are given 90 days to decide whether or not to respond to a particular offer from ACOA. If a number of these announcements were made during any particular week, it was because those private sector respondents replied affirmatively to an ACOA offer that might have been made two or three months previously.

• (1410)

Senator Thériault: I wonder if the Leader of the Government in the Senate would tell us what the amount expended or committed or announced the following week was in comparison to that $58 million.

An Hon. Senator: The world goes on, you know!

Senator Murray: The honourable senator is accurate in using the term "committed." Those announcements are not expenditures of money; they are agreements by ACOA to spend money, sometimes over years, in the future. I do not know why the rate of announcements speeded up or slowed down from one week to the next.

I repeat: I draw the honourable senator's attention to the explanation of the appropriate official at ACOA, quoted in full in the *Globe and Mail* of this morning.

Senator Thériault: Honourable senators, I did read the complete article. Of course, when I read that article I was not looking for the excuse the Leader of the Government was looking for, so that might make a difference.

The Leader of the Government in the Senate may recall that the question I asked was exactly how much was expended or how much was committed. I did not get an answer; that is why I had to go to the newspapers to find out what was going on.

I also want to remind the Leader of the Government in the Senate that, having spent three or four years in New Brunswick—I am not sure if he was the minister responsible for ACOA at the time of the election or not; I know he was earlier in the year—he should know that you cannot buy a maritimer's vote with government largesse. The result of the election was that the government got fewer seats in the maritime provinces, after spending $157 million during the week prior to the election. The government ended up with only 12 seats. Divide 12 seats by $157 million and you will see that we have expensive Tory MPs from the maritimes. I hope they perform.

Senator Murray: Honourable senators, first of all, let me say that I am aware of the question that the honourable senator asked on May 18, about which he reminded me some time later. I did see a draft reply to his question in my office some days ago. I did not think that the draft reply was satisfactory or provided information in the detail that I know the honourable senator would want, so I sent it back and asked for a reply that I thought the honourable senator would find satisfactory.

The honourable senator cannot have it both ways; one day he and his colleagues are complaining that not enough money is being spent on regional development in the Atlantic provinces; the next day they are complaining that the government is spending too much.

In the second place, I think that the private-sector entrepreneurs who have new businesses up and running, or who are getting ready to start new businesses and are receiving this encouragement and these incentives from ACOA, will properly resent the suggestion of my honourable friend that there is some partisan basis to this activity.

I remind the honourable senator that, while his party in the other place voted against the ACOA bill when it was before the House of Commons, while he and his colleagues in this place almost killed it by delaying it when it was here, the best their leader could do during the recent election campaign for a regional development policy was to go to Atlantic Canada and promise more money for ACOA.

Senator Thériault: Honourable senators, I am sure that when the leader of the Liberal Party promised more money for regional development in the Atlantic provinces he was not aware that that very week $157 million was being spent by the Tory government.

I want to say something else to the Leader of the Government in the Senate. I am sure that I, as a maritimer, and all honourable senators from the maritimes would be quite happy if every week of the year this Conservative government spent the same amount of money or committed the same amount of money that it spent or committed during the week of November 14 to November 20. If the government does that, I can promise the leader that I, for one, will get up every day of the week and thank the government very much on behalf of the maritimes.

Furthermore, I know some of the companies that benefited from the government's largesse during that week. I know they are very successful and I know they have always gotten along very well without government grants.

Senator Murray: Honourable senators, I acknowledge the honourable senator's expression of gratitude with great appreciation.

Senator Guay: Wait until we ask you about western Canada!

TRADE

IMBALANCE BETWEEN CANADA AND U.S.S.R.—GOVERNMENT ACTION

Hon. Hazen Argue: Honourable senators, I have a question for the Leader of the Government in the Senate. Some time ago I raised a question about the activity and policy of the Department of External Affairs in promoting two-way trade with the U.S.S.R. The information that has been provided to me states that there has been a good deal of activity towards that end, and there has also been a measure of success in increasing the imports into Canada from the U.S.S.R.

[Senator Murray.]

My question to the government leader is: Would you look into the facts of this situation; would you report your findings to the Senate before we adjourn; and could you report verbally, rather than by way of a delayed answer, because I think it is important that the facts are on the record so that the trend is at least in the right direction?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I believe the question to which the honourable senator refers was asked in the previous Parliament; however, I will look it up.

Senator Argue: I said it was some time ago.

Senator Murray: Yes, it was some time ago. I will look it up and an inquiry will go forward. I will undertake to bring whatever information I properly can into the Senate at an early date.

ANSWER TO ORDER PAPER QUESTION OFFSHORE NORTHERN SEAS

CONFERENCE AND EXHIBITION, STAVANGER, NORWAY, AUGUST 23-26, 1988—GOVERNMENT REPRESENTATION

Question No. 4 on the Order Paper—**By Hon. Jack Marshall:**

5th April, 1989—Concerning the Offshore Northern Seas (ONS) Conference and Exhibition, held in Stavanger, Norway, did the federal government send any representatives with the Newfoundland delegation, or independently?

Reply by the Leader of the Government in the House of Commons:

The Government of Canada participated with a National Stand in the Offshore Northern Seas (ONS) Conference and Exhibition which took place in Stavanger, Norway, August 23-26, 1988. This stand had seven full and four associate exhibitors, including the province of Alberta. The province of Newfoundland, reflecting its particular interest in developing joint venture partners for offshore development, had a separate, generic provincial stand. The Canadian Embassy in Norway assisted the Newfoundland group with arrangements and logistics. The Canadian Ambassador visited their stand and the Embassy attended some of their functions to demonstrate support for their efforts.

The Department of Regional Industrial Expansion sent three representatives, independent of the Newfoundland delegation, to the Offshore Northern Seas (ONS) Conference and Exhibition.

Energy, Mines and Resources did not send any representatives to this Conference, neither with the Newfoundland delegation nor independently. However, one employee of the Department did participate in meetings of the External Affairs-led Offshore Working Group which met in Stavanger, Norway August 28-31, 1988.

The Canada-Newfoundland Offshore Petroleum Board was represented by one of their employees at the Exhibition only but that person was neither with the Government of Canada delegation nor with the Government of Newfoundland and Labrador delegation. The employee also participated in meetings and other events of the Offshore Working Group.

BORROWING AUTHORITY BILL, 1989-90

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Macdonald (*Cape Breton*), for the second reading of the Bill C-11, An Act to provide borrowing authority.—(*Honourable Senator MacEachen, P.C.*).

Hon. Allan J. MacEachen: Honourable senators, may I begin by thanking Senator Doody for his statement opening the second reading of this bill and indicate that we hope to have the bill go to committee today in order to complete its passage through the Senate next week.

In considering what I would say about this bill I came across a booklet that had been issued in connection with the budget, entitled "The Debt Problem". It was not widely featured at the time, but it was part of the budget papers. It begins by asking, "What is the public debt?" The answer is as follows:

> The public debt is the amount of money that the federal government owes to Canadians and to foreign investors. Today, the public debt is $320 billion.

I have no complaint with that answer.

The next question is: "What is the deficit?" The answer to this question is as follows:

> The annual deficit is the amount by which government spending exceeds revenues.

Also, I have no complaint with that. It is the next sentence that caused me some difficulty. The next sentence says:

> It—

namely, the annual deficit—

> is the amount the government has to borrow. It gets added to the debt each year.

Of course, that is an inaccurate and misleading statement, as the comments of the Deputy Leader of the Government indicated. The budgetary deficit for the fiscal year 1989-90 is $30.5 billion, and the amount of borrowing authority that the government is seeking in this bill is $24.8 billion. So clearly the deficit as is stated in this booklet is not the amount the government has to borrow.

● (1420)

One might even say that the $24.8 billion—namely, the amount of the borrowing authority sought in the bill—is not really the amount the government needs to borrow. One might say that the net financial requirement of the government in the amount of $20.5 billion is the true amount that the government needs to borrow; so that in that second question and answer the Department of Finance misled the Canadian people in the amount of approximately $10 billion.

The actual net financial requirement of the government in the fiscal year 1989-90 is $20.5 billion. An additional $3 billion is sought as a contingency in the event of certain things happening, and $1.3 billion is sought for forecast Exchange Fund Account earnings. The Deputy Leader of the Government made a rather cryptic statement when he said that of the $24.8 billion:

> . . . $21.8 billion represents borrowing requirements, made up of $20.5 billion for the government's estimated net financial requirements, excluding foreign exchange transactions, and $1.3 billion for forecast Exchange Fund Account earnings.

I am still not clear in my mind, although I ought to be, why it is that Exchange Fund Account earnings automatically lead to borrowings. Perhaps the deputy leader will clarify that when he winds up the debate.

It is interesting that there has been a recent tendency on the part of the government to move away from the concept of the "budgetary deficit" to the concept of the "net financial requirements." Certainly from a perception point of view, there is a considerable difference between a burden of $30.5 billion, which is the public accounts deficit, and a burden of $20.5 billion, which is the net financial requirement.

The fiscal plan to which the Deputy Leader of the Government referred, and asked us to look at, projects or tells us about the key indicators of the government's fiscal position over the medium term.

As I said, in the fiscal year 1989-90 the budgetary deficit is $30.5 billion and the financial requirements are $20.5 billion. The next period for which the government gives us information is 1993-94. There is a gap covering the three intervening fiscal years. Not having given us the forecasts for those years, the government tells us that in 1993-94 the budgetary deficit is forecast to be $15 billion and the financial requirements are to be $3 billion. There is, as I have noted, an interesting tendency on the part of the government to cast the picture in terms not of the budgetary deficit but of the financial requirements.

In the introduction to the Fiscal Plan the Minister of Finance made a comment about this question, as follows:

> Financial requirements represent the extent to which the government has to borrow in capital markets.

That is the $20.5 billion.

> This more closely parallels the definition of deficits used in both the United States and the United Kingdom. Thus, on this basis, Canada would be close to a balanced-budget position by the end of the fiscal planning period.

Namely, $3 billion.

If the same measurement were applied to the fiscal year under discussion, the definition of "deficit" used by the U.K. and the U.S. and approved by the Minister of Finance would give us a deficit of $20 billion.

At a recent meeting of the World Economic Forum I was interested to hear the Prime Minister say that by the end of our current fiscal planning period, being 1993-94, our deficit, computed on a basis comparable to that used in the U.S. or U.K., will be approximately $3 billion or very close to balanced.

I wonder why the figure that is prominently used to convince taxpayers that they ought to line up and support the government's fiscal policy is the budgetary public accounts deficit, which is $30 billion. If you used the measurement put forward by the Prime Minister last week at the World Economic Forum, the deficit would be $20.5 billion rather than $30.5 billion.

The point I am making is this: The concept is so elastic that it can be adjusted to whichever audience you wish to choose. If you want to sock it to the taxpayers, you frighten the hell out of them by using the $30 billion figure. If you want to tell the businessmen of the world how good things are in Canada, you use the $20 billion figure, or, for 1993-94, the $3 billion figure rather than the $15 billion public accounts figure. That is an interesting commentary.

The Prime Minister, in another thrust of hostages to fortune, said that at the end of that fiscal period we would have a deficit, measured by the U.K. and the U.S. standards, of approximately $3 billion and that, on a national accounts basis, we would be in a surplus. That is going to take some doing, in my opinion, because the government is projecting a deficit for next year of approximately $28 billion. However, that is a matter we can follow up on at another time.

Honourable senators, I should like to make two further observations about the situation disclosed in the papers commended to us by the Deputy Leader of the Government.

My first observation has to do with the changes in the level of savings in Canada. In the early 1980s net private sector savings were of such a magnitude that they were able to finance the large volume of public deficits, including the Government of Canada, the provincial governments, and the Quebec and Canada Pension Plan deficits. In fact, the net private sector savings were of such a magnitude that not only were we able to finance all our public sector deficits but we also became a net supplier of capital abroad. That is an interesting fact. We should examine the implications of that as we move into a situation in which net private sector savings are not capable of financing our public sector deficits, with the result that we have to rely heavily on foreign savings. To me, there is a qualitative difference about a deficit that is financed in Canada and one that is financed abroad.

● (1430)

In the booklet entitled "Canada's Economic Prospects in the 1990s" there is an analysis, beginning on page 23, entitled "Sources and Uses of Savings". It states:

> Financing the recurring shortfall between net domestic private sector savings and government demands has required foreign savings;—

[Senator MacEachen.]

That has been accompanied by the fact that Canada has moved, since 1985, into a large current account deficit.

The Minister of Finance told us in one of his documents that the current account deficit in the last quarter of 1988 was running at $17 billion, which is the amount that would be required in foreign savings with respect to our balance of payments.

The document issued by the Department of Finance, entitled "Canada's Economic Prospects for the 1990s", says:

> Growing current account deficits are leading to growing net foreign indebtedness, representing an increasing claim on the resources of the Canadian economy. By 1988, Canada's international indebtedness is estimated to have risen to just over 38 per cent of GDP from 35 per cent in 1985. It has not been in this range since the mid-1960s.

It has been a feature of Canada's history that we have often been in a current account deficit. We have used capital from abroad to finance the economic investment in Canada, the earnings from which we use to pay the carrying charges and the payback. That is certainly a factor which has been necessary to contribute to the growth of the nation. However, it becomes somewhat different when our indebtedness is the result of financing current consumption. Certainly, the use of foreign savings to finance consumption or the deficit is a different matter.

It seems to me that it would be useful for us to better understand how much of the current account deficit—if it is possible to determine—is now the result of financing investment for the future growth of Canada and how much of it represents financing consumption in the form of the annual deficit. Certainly, the fact that it takes place is acknowledged in the document itself, when it states that financing the deficit, or the shortfall between net domestic private sector savings and government demands, has required foreign savings.

Recently I read an article by a former adviser in the Department of Finance who was projecting disaster for the nation because of the increased foreign indebtedness of the country. I think he stated that amount at $225 billion. That is the total foreign indebtedness; in other words, the claims of other countries on our resources as a whole. One must also add to that the fact that the existence of a current account deficit by itself is not an evil. However, it certainly can cause worry if it is used to finance the current deficits, as is happening so heavily in the United States.

There is one other point I want to make on a matter that has interested me for some time, and that is the proportion of domestic debt that is held abroad. By that I mean the domestic public debt, which is a different creature from Canada's total international indebtedness. We have been told in the Fiscal Plan that this year interest payments on the national debt, or public debt charges, will amount to approximately $40 billion. Those are payments on the debt which have to be financed out of current revenues or borrowings. However, one must take into account that currently 80 per cent of that debt, or of the

debt upon which those charges are made, is held by Canadians. The interest payments on the debt, which are an expense to the government, are income in the hands of individual Canadians, corporations and so on.

I must tell honourable senators that I take quite a different view of that proportion of the debt to the view I take of the proportion of the debt that is held abroad. Here I am again speaking of the domestic public debt. Perhaps the Department of Finance would agree with that point of view—namely, that it is much better to have a domestic public debt held by your own citizens than to have it held by foreigners, thus involving annual payments and the ultimate payment abroad, rather than to your own citizens.

Honourable senators, that is another phenomenon that is referred to in the Fiscal Plan, and I would like to quote from that document, if I may.

Senator MacDonald: Did you say 80 per cent?

• (1440)

Senator MacEachen: That is my view. However, let me read it to see if I am right. The book contains an analysis of the government debt held by non-residents, which is what we are talking about.

Senator Murray: Does it refer to the federal government or provincial governments?

Senator MacEachen: I think it refers to the federal government. The comment is made at page 120:

> ... the proportion of domestic debt held abroad has recently increased. This latter development is a result of increased interest in Canadian dollar securities by foreign investors, reflecting attractive interest rates and confidence in the Canadian economy and the Canadian dollar. Japanese and European investor interest has been particularly strong. Approximately 19 per cent, or about $50 billion, of the outstanding debt is held by non-residents.

In other words, roughly 80 per cent of the debt is held by residents of Canada. Personally, I think it is the trend that is more alarming, or more worrying—the word "alarming" is a strong word. If one were to worry, one should worry more at this stage about the trend—namely, the increasing proportion of the government debt held abroad—than about the amount itself. If the trend continues, I think it will be a worrying factor.

So I found the advice of the deputy leader to be very helpful. I commend some of these budget documents to my colleagues because they raise some very important matters, particularly about the relationships between our domestic government debt and our international balance of payments. They also raise the important question of how much we should worry about government debt held by Canadians, the cost of which becomes income in the hands of Canadians, in comparison with debt held by non-residents, which involves the transfer of charges out of the country each year. The statistics are in the documents and they can be found very easily.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform the Senate that if the Honourable Senator Doody speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Doody: Honourable senators, I have little to add to the comments that I made yesterday. I noted with interest Senator MacEachen's remarks this afternoon, which demonstrate his long experience in the field and his knowledge of the area of which he speaks. I was fascinated to hear his first comment dealing with the currency account. I raised the same question as soon as I saw it in the briefing book and I discussed it at some length with the officials of the Department of Finance. I can assure honourable senators that they are perfectly comfortable with the situation, and I can also assure honourable senators that I understand no more now than I did when I first raised the question with them. So there might be some merit in raising the question in committee when the bill reaches it. Whether the answers will be any more satisfactory to the committee members than they were to me remains to be seen. Certainly, I am sure you will share my fascination with the answers as they come forth.

On the question of the domestic debt—and I shall not deal with this subject at any length—it seems to me that the suggestion that people take a great deal of comfort out of the fact that the vast majority of Canada's debt is held internally rather presupposes the fact that Canadian bond holders do not expect to be paid somewhere down the road. I suspect that that is not really the rationale, but I think it might be comforting to the people who invest in Canada's paper if they are assured that they will be treated at least as well as foreign debt holders when the day of reckoning arrives.

In any event, honourable senators, I will not take up any more time of the chamber. I simply ask that the bill be given second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill referred to the Standing Senate Committee on National Finance.

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD BILL

SECOND READING

Hon. Norman K. Atkins moved the second reading of Bill C-2, to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain acts in consequence thereof.

He said: Honourable senators, I am pleased to begin Senate consideration on second reading of Bill C-2, an act to establish

the Canadian Transportation Accident Investigation and Safety Board. This is a very important bill. Why? Because its object is to advance transportation safety, which, in turn, is the first priority of Canada's national transportation policy. That policy is enunciated in the National Transportation Act, 1987, which states in part that the objectives of the national transportation system are most likely to be achieved when the national transportation system meets high safety standards.

Key features of the bill are: The board will be independent of the government and, most particularly, the Minister of Transport, who regulates safety. It will make public all of its findings and recommendations, and the Minister of Transport, as well as any other minister having a direct interest, will be required to respond publicly to all recommendatons. As well, it will consolidate into one organization the existing Canadian Aviation Safety Board; the Marine Accident Investigation Branch of the Department of Transport; the Rail and Commodity Pipeline Investigation Branch of the National Transportation Agency; and the arm of the National Energy Board responsible for investigating oil and gas pipeline accidents. I should point out that, while this is a new board, the expertise of the staffs currently involved in accident investigation activities in these four agencies will be brought together. The majority of the approximately 300 people involved are expected to transfer to the new board. Thus those who make and enforce safety regulations will be completely separated from those who investigate accidents and recommend changes to regulations and enforcement procedures. That will eliminate the potential for conflicts of interest.

The creation of a new Canadian Transportation Accident Investigation and Safety Board with these features will not only lead to improved safety in all modes of transportation but will also go a long way towards restoring the confidence of Canadians in the safety of our transportation system.

Recent events have served to undermine the confidence of Canadians in the Canadian Aviation Safety Board. As a result, the government has had to ask one judge to review the record of the Gander accident investigation and another to conduct a full inquiry into the tragic accident at Dryden, Ontario. Canadians must be reassured that every step is being taken to guarantee continued safety in our transportation system. With that in mind, the crucial role of accident investigation in ensuring safety must be firmly established in all modes of transportation. The Canadian Transportation Accident Investigation and Safety Board is a major step in achieving that goal.

● (1450)

Honourable senators, that is the broad perspective of this bill and its importance in relation to the safety of our transportation system. Before I go into further details, I should like to comment briefly on the history of the bill.

Extensive consultations were undertaken over a long period with parties interested in the whole area of transportation. The bill reflects those consultations, as well as many of the conclusions and recommendations of various studies, reports and inquiries over the years. These include the Dubin inquiry into aviation safety, the Deschenes study on marine casualty investigation, the Foisy inquiry into the Hinton rail tragedy, the Hickling evaluation of the Canadian Aviation Safety Board and the subsequent Sopinka review.

As a result of this extensive input, when Bill C-2 was introduced the question of how best to learn all we can from accidents in order to prevent them in the future was addressed in a logical and comprehensive manner.

The House of Commons Standing Committee on Transport also heard from a large number of interested parties. These hearings and detailed study of the bill were held in an atmosphere of nonpartisan cooperation, with sincere effort on all sides to develop the best legislation possible. The Minister of State for Transport, the Honourable Shirley Martin, should be complimented for the flexibility she demonstrated on behalf of the government. Her approach contributed significantly to the spirit of cooperation which characterized the committee's work.

Consequently, a number of amendments were adopted to improve the bill and to ensure that the new board will function effectively and credibly in the investigation of accidents and in identifying ways to prevent recurrences.

Consultation has had its impact. The interested and affected parties have been heard. The government has listened and has agreed to significant changes which make Bill C-2 an even better bill.

Perhaps at this point some practical illustrations of what the board will do would be in order. The board will have a mandate to investigate any transportation occurrence. The board can decide, if it so wishes, that it is in the interest of transportation safety that a public inquiry be held as part of an investigation process. If the board takes this decision, the chairperson can then designate a person to conduct a public inquiry. The Governor in Council can also order an inquiry under the Public Inquiries Act, but, if that is done, the board cannot order a further public inquiry. In other words, there will be only one public inquiry into any accident.

In the air mode, honourable senators will, of course, be aware of major accidents, such as those at Gander and Dryden, which resulted in terrible injuries and loss of life. Other accidents and incidents are also investigated when it is felt that this would help to identify safety deficiencies and result in the adoption of corrective measures.

For example, there was the controlled ditching of a helicopter at sea due to a loss of transmission oil pressure. Fortunately, there was no loss of life and all passengers were rescued from life rafts about an hour later. The investigation determined that the incident was caused by a mechanical failure in the emergency lubrication system. It also resulted in the adoption of nine aviation safety recommendations concerning the wearing of immersion suits by passengers and crew on helicopters flying over Canada's offshore and northern waters; the strengthening of safety standards for immersion suits, life rafts and signalling devices; and the improving of training requirements for ditching and sea survival.

Accidents involving private and pleasure aircraft, including ultralight aircraft, may also be investigated. In addition, the board will have the authority to look into incidents such as near-collisions and situations which, if left unattended, could result in an accident or incident.

In the marine world, accidents aboard ship, such as injury to a crew member through the closing of a power-operated, water-tight door, the grounding of a ship or a ship's striking a bridge, may be subject to investigation. As in other modes, other incidents may also be investigated.

Railway occurrences include, of course, collisions, derailments and level-crossing accidents. Usually, collisions and derailments cause considerable property damage while crossing accidents cause more casualties.

Other accidents, known as train service accidents, occurring, for example, when employees or trespassers are struck by rolling stock, or where personnel are injured in the process of entraining or detraining, could also be the subject of investigation by the board. Other incidents include fires, dangerous commodity leakages, and miscellaneous personal injuries to railway passengers and employees.

In the pipeline mode, the board might investigate leakages of gas resulting in fire or injuries to workers involved in construction or repair work. As found recently in another country, there is potential for serious accidents involving pipeline transportation. While we are fortunate in this country not to have had such serious problems, there have been accidents and investigation has led to improvements.

For example, during work on a gas liquids pipeline at Sarnia, Ontario, a fitting on the pipeline was struck by a contractor. Butane was released. It vaporized and enveloped the work site and several nearby houses. The pipeline company's inspector was burned when the gas ignited while he was assisting with the evacuation of people in the area. Other employees suffered minor injuries, but, fortunately, there were no deaths.

The National Energy Board concluded, as a result of its investigation, that the company's procedures for dealing with emergencies were inadequate and that the contractor had not followed procedures established in the company's safety manual. As a result of this investigation, the procedures have been changed.

When the new board investigates such occurrences it will use a two-stage process. The staff investigators, that is, the professional experts, will gather evidence, analyze it and prepare a draft report. The board members will review the draft report of the investigators, receive comments from parties with a direct interest to ensure the accuracy of the findings, and then report publicly on the final findings and make recommendations as required.

In this arm's-length, cooperative arrangement the responsibilities of all parties are clearly defined. There are also built-in checks and balances to ensure that this process works effectively.

For example, the board members will make policies on which types of accidents will be investigated and how investigations will be conducted. Within those policies the investigators will have the exclusive authority to conduct the investigations and report their findings to the board.

If the board wishes, it may require investigators to pursue additional avenues of investigation, and, as I have already outlined, the board may also decide to hold a public hearing into the occurrence.

Thus the investigators are professionally independent of the board, but subject to the board's general policies concerning the types of accident which will be investigated and the general policies on the way in which investigations will be conducted.

The board members apply their knowledge and judgment not to the specific conduct of investigations but to weighing the evidence produced by the investigators, ensuring that the findings as to cause and contributing factors are valid and consistent and, most importantly, determining appropriate recommendations to help prevent similar accidents in the future.

● (1500)

Specific technical expertise will be found in the board's highly qualified, professional staff. In addition, there are also provisions in the bill to allow outside experts to be engaged. Board members, on the other hand, while they may have technical expertise, are primarily called upon to review and weigh the evidence presented to them and to make sound judgments as to the interpretation to be given to the evidence. They need the ability to analyze complex evidence and to make sound findings as to the contributing causes and factors involved in transportation accidents. They need the ability to make recommendations based on these findings that will help to prevent future similar accidents.

This makes good sense from a public policy perspective. There has been a broad consensus within the transportation industry that the respective roles and responsibilities of the board members and investigators, as set out in the bill, are appropriate. We are confident that the new Canadian Transportation Accident Investigation and Safety Board will be able to function in a most effective manner when roles and responsibilities are assigned, as they are in Bill C-2.

The chairperson of the board is also given clear responsibilities. In effect, that individual has the responsibilities of a chief executive officer and a chief operating officer. The chairperson is responsible for personnel, financial and property matters, as well as for apportioning and directing the work of the members and staff. In the latter situation, however, this responsibility must be carried out in accordance with the by-laws established by the board as a whole. The chairperson chairs board meetings, of course, but is only a member of the board, like the others, when it comes to making policies and by-laws or taking decisions on accident findings and recommendations.

Returning to the investigation process, there is an additional check on the independent work of the investigators. Once the

board is satisfied with the draft report, it is sent in confidence to those parties the board has identified as having a direct interest in the findings. They are asked to verify the facts and are free to comment in confidence on the findings or to produce any further evidence they have that may have been overlooked. Most observers agree that circulating the draft reports to parties with a direct interest guarantees the accuracy of the findings so that the board can come up with a more accurate report and bring forward better recommendations in the final report. Circulation of draft reports for comment also contributes to the openness and fairness of the process, since interested parties are given an opportunity to be heard.

Another observation was that the Minister of Transport originally had an absolute right to receive the draft report, whereas the board would decide who else would see it. Even though the draft report would contain no recommendations, this was perceived as a potential conflict of interest. The bill was amended to delete this absolute right for the Minister of Transport to receive the draft report. The bill now before us allows the board complete discretion in deciding which parties should receive the draft report, thus putting all parties with a direct interest in the findings on an equal footing.

Concerns were also raised that the draft report process would delay the issuing of the final report. This does not prevent necessary, urgent, remedial action or other actions from being taken, as the board must give immediate notice of any of its findings that may require urgent action. In other words, if any urgent action needs to be taken, the board must notify the minister responsible immediately, no matter what stage the investigation has reached, and the minister or ministers, of course, are free to take that action without waiting for a draft or final report. Indeed, any minister who is notified of the need for urgent action is obligated to respond publicly to the board's recommendations within 90 days, just as any minister will be required to respond to the recommendations in the final report of the board.

Other amendments made to improve the bill include the addition of oil and gas pipelines to the board's mandate so that the board will be able to investigate all commodity pipeline accidents. This includes interprovincial and international pipelines that are regulated under the National Transportation Act or the National Energy Board Act. These pipelines can carry, for example, oil or gas regulated under the National Energy Board Act or superheated steam regulated under the National Transportation Act. This removes the same perceived conflict of interest between regulators and accident investigators.

In order to ensure further the independence of the board relative to any ministerial responsibility, the bill now makes it clear that the board will report to Parliament through the President of the Queen's Privy Council. It will be through this minister that the board's estimates are put forward and its annual report made to Parliament.

The bill was also amended to mandate the board to conduct special studies and investigations on matters relating to transportation safety. This amendment reinforces the basic goal of the board to advance transportation safety. Other amendments extended and clarified the privilege accorded to certain types of evidence which are crucial to finding the causes of accidents. Self-incrimination must be avoided to the extent possible if employees are to be encouraged to give up some of their privacy, as in the case of voice recordings made on board planes, ships or trains, or to give free or honest statements to the board about what happened. Therefore, the bill provides that voice recordings and witness statements cannot be used as evidence in criminal proceedings.

The privilege accorded to air traffic control recordings under the Canadian Aviation Safety Board Act was extended to cover similar recordings in the rail and marine modes. The bill now also makes it clear that the privilege for witness statements applies to statements made directly to the board or its investigators. This leaves employers, especially the railways which have collective agreements on the subject, free to take statements from employees and to use them to improve safety.

Another improvement to the bill involves a limitation on the power of an investigator to quarantine a site after an accident for purposes of conducting the investigation. The purpose of advancing safety through a complete investigation must, and will, come first. Yet such a quarantine can delay the resumption of service, especially for rail and marine carriers. The commercial interest in resuming service is self-evident. There is also a public policy interest, as stated in the National Transportation Policy, in maintaining an efficient and effective transportation system. The agreed amendment to the bill requires an investigator to give due regard to the desirability of minimizing any disruption of transportation service which may result from the quarantine of an accident site.

Having said that the responsibilities for safety regulation and accident investigation should be separate, it should also be said that the two must be complementary. They cannot function in totally separate spheres. When something goes wrong and an accident occurs, the regulators must be in a position to take immediate remedial action, if necessary, or to impose sanctions, if appropriate. Therefore, there must be coordination and cooperation between the accident investigation board and the safety regulators in any department. Bill C-2 provides mechanisms for this necessary cooperation and coordination.

Clause 14 of the bill is so worded as to make the new board the only federal agency designated to make findings and to report on the causes and contributing factors with respect to any transportation accident, and to make recommendations based thereon to improve the safety. As mentioned at the outset, this is not to say that there are not agencies within government which have an interest in transportation accidents. It is well recognized that the Department of Transport and other departments and agencies must also be able to obtain whatever information about an accident is necessary to carry out their responsibilities for safety regulation and for disciplinary and remedial action.

● (1510)

The bill singles out the Department of National Defence and the Royal Canadian Mounted Police and makes specific

the relationship that will exist between the new board and these two important bodies.

Although the Department of National Defence has jurisdiction to investigate accidents involving a military conveyance or facility, the bill provides that the new board will investigate "mixed" accidents that have both a civil and military component—for example, an aviation accident involving a military aircraft at a nonmilitary airport. The bill requires the board and the Minister of National Defence to take all reasonable measures to ensure the investigations are coordinated. Further, nothing in the bill prevents the Royal Canadian Mounted Police from investigating any transportation occurrence for its own purposes.

Further, in order to make clear that transport safety regulators and others are not prevented from investigating any transportation occurrence for their purposes, there are provisions in the bill which permit them to do so. For example, the Department of Transport's Coast Guard will be able to investigate for purposes of marine safety regulation or enforcement connected with its responsibilities under the Canada Shipping Act.

There are many other clauses in the bill that are designed to ensure cooperation and smooth coordination of the board's activities with those of other federal and provincial agencies. The most important of these clauses is clause 15(1), which states in part:

> Where . . . during an investigation into a transportation occurrence under this Act, a department . . . investigates that transportation occurrence or undertakes remedial measures . . . the Board and the department shall . . . ensure that their activities . . . are co-ordinated.

The board must also make every effort to enter into agreements with other federal departments to ensure that investigation activities will be coordinated and unnecessary duplication avoided.

Finally, under clause 16, the board must make all reasonable efforts to enter into agreements to ensure their investigation procedures and practices are compatible with those followed by provincial police and coroners. The board is required to make all reasonable efforts to enter into agreements with the provinces concerning investigation practices and procedures.

The interests served by good regulation and appropriate remedial measures require that accident investigations be carried out in an efficient and effective manner and that the various activities with respect to a transportation accident are carried out with the minimum of overlap and confusion.

Another very important part of the investigative process allows persons to attend as observers at an investigation of a transportation occurrence conducted by the board, if the person: (a) is designated as an observer by the Minister of Transport in order to obtain timely information relevant to the responsibilities of that minister; or (b) is designated as an observer by the minister responsible for a department having a direct interest in the subject matter of the investigation.

Honourable senators, I have talked a great deal about cooperation in several contexts. I want to close by repeating again how impressed I have been by the cooperation shown by all interested parties in the development of the bill now before us. There have been representations made by industry, labour and other interested parties, including the Metro Toronto Residents Action Committee, the Canadian Bar Association, the Consumers Association of Canada, the Canadian Chamber of Commerce, provincial departments responsible for transportation, and provincial attorneys general and members of Parliament. Those and others have all contributed ideas of merit. Those ideas have helped to shape the bill and, as a result, have assured that the bill goes a long way towards satisfying the many interests expressed.

This spirit of cooperation is most admirable and much appreciated. I would hope that the Senate, in its review of the bill, will follow the members in the other place and expedite its passage so that its potential contribution to transportation safety can be realized.

Some Hon. Senators: Hear, hear!

Hon. Peter A. Stollery: Honourable senators, I must say that it never fails to amaze parliamentarians, at least this one, the length to which departmental officials will go to make a fairly simple and straightforward matter a long-winded affair when they are describing a bill that they have produced. This bill, honourable senators, is not one that deserves a great deal of discussion in this chamber, although I suspect that at committee it might prove a little more interesting.

I should like to remind honourable senators that what we are talking about, after all the verbiage, is a rehash of the old Canadian Aviation Safety Board that was set up in 1983 or 1984; I do not remember the exact year.

The Canadian Aviation Safety Board fell apart because there were fights among the members of that board. It is really no more complicated than that. This bill attempts to give us a board that can investigate accidents in Canada. The legislation that gave us the Canadian Aviation Safety Board involved a system of appointments that was so disastrous that we wound up, for the first time, in my memory at any rate, with a board investigating aircraft accidents that was so divided that it left the Canadian traveller confused as to whether or not accidents that had taken place in Canada were being properly investigated. Those of us who assumed we had the technical expertise in Canada—which had been successful for many years—to investigate aircraft accidents were left confused. I think the best example we can all remember is the crash at Gander, Newfoundland. The finding by the majority of the members of the board seemed to say that the wings had iced up, yet we were treated to the story by other members of the board that a bomb had exploded on the aircraft. At least, that was implied. There was great acrimony and they criticized the majority decision of the board.

The problem did not have anything to do with the main body of Bill C-2; the problem, which relates to the membership of the board, is addressed primarily in clause 4. Clause 4 sets

up the board and says that it should be made up of five members appointed for seven years. I think it is important to remember that there should be three directors of investigations.

Honourable senators, I bring to your attention the fact that clause 4, paragraph (5), in fixing a term of appointment or reappointment, says the following:

> In fixing a term of appointment or reappointment, the Governor in Council shall endeavour to ensure, to the extent that it is practical to do so, that, notwithstanding periodic changes in the membership of the Board, it remains constituted at all times at least partly of persons who have had previous experience as members.

I say to honourable senators that that should cause us to be concerned about who the previous members of the board were, because I assume that the government will follow its own advice and reappoint some of the members of the Canadian Aviation Safety Board. I say that because the bill states that this board "should be constituted at all times at least partly of persons who have had previous experience as members."

● (1520)

I think it is important to remind honourable senators that clause 63 of this bill reflects on the problems that have taken place through the appointment system to the board. It says that there will be a review of this process in 1993; in other words, having had an unprecedented disaster with the appointment system, instead of having to take something unexpected to Parliament, they are now considering reviewing the matter again in 1993 to see if the appointment system is working. I think those two elements are what we should be interested in, but in particular the matter of how this appointment process takes place. We should follow the advice of the bill that expertise and experience in the various forms of safety are very important.

My own view is—and I understand that the minister may also be of that view—that five members is not going to be enough. Personally, I think that a seven-member board would have been better.

Honourable senators, I also noted in the bill that the chairman is referred to as the "chairperson." I have tried to find "chairperson" in the *Oxford Dictionary*. There is a "chairman" and a "chairwoman," but I have not been able to find "chairperson." I do not know if that is a word or not. At any rate, the chairperson, the chairman or the chairwoman, however you want to think of it, has a great deal of power under this system. I assume that that is so because that person will then be able, unquestionably, to settle disputes that occur among members of the board in order to avoid the problems that have taken place in the past.

I would remind the committee that the directors of investigations are also very important in all of this. There are three directors: one for air, one for marine, and one for rail and commodity pipelines. It is interesting to note that on the former board the problems seemed to revolve around aircraft accidents. We all remember the crash in Gander, Newfoundland, and the one in Dryden, Ontario. The members of the committee were always arguing among themselves as to why these aircrashes took place, although the same problem does not seem to exist in other areas of transportation regarding other accidents.

At any rate, honourable senators, I do not have anything more to say about the bill, because it is, as I say, extremely straightforward: it addresses the problem of disputes between dissident members and the majority of the old board. I would be interested in hearing more about those disputes, and I think we should look into the appointment procedure to ascertain why those disputes occurred and where the old system broke down.

I do not recall anything like this happening in an area which is, after all, a technical area. You do not employ people to look into a complex airplane accident who do not have a tremendous amount of technical experience or who do not know what they are talking about; so how could you possibly wind up in a situation where you have a bitter fight between a narrow majority and a vociferous minority?

Honourable senators, I think the best thing we can do is to proceed to committee and seek the answers to some of these questions that come to mind.

Some Hon. Senators: Hear, hear!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

Hon. Norman K. Atkins: Honourable senators, I move that Bill C-2 be referred to the Standing Senate Committee on Transportation and Communications for consideration and report.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Atkins, seconded by the Honourable Senator Spivak, that the bill be referred to the Standing Senate Committee on Transport and Communications. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a comment on the motion of reference. We will support this motion. However, it will not be because of the memorandum I referred to earlier today; it will be in spite of it.

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

On motion of Senator Atkins, bill referred to the Standing Senate Committee on Transport and Communications.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Eileen Rossiter moved the second reading of Bill C-8, to amend the Department of Labour Act.

She said: Honourable senators, I wish to thank you for the opportunity to bring before you a brief amendment to the Department of Labour Act.

This amendment is necessary to permit Labour Canada to continue to provide assistance to older workers who have become victims of major permanent lay-offs and who, after exhausting all opportunities for re-employment, as well as their unemployment insurance benefits, still have no prospects for re-employment.

As honourable senators are aware, Labour Canada has been actively involved for many years in the provision of assistance to some members of this group of laid-off older workers. Indeed, currently, almost 8,000 of these workers are receiving assistance under the Labour Adjustment Benefits Act, otherwise known as LAB. However, I want to reassure honourable senators that the brief amendment we are considering today in no way affects these beneficiaries. They will continue to receive their full benefits under the LAB Act until they reach age 65.

The LAB program, however, has a number of serious flaws. First, the only industries designated nationally for assistance have been the very narrow group of textile, clothing, footwear and tanning industries. Second, the LAB program contains very poor work incentives, because, even before taking income tax into account, 60 per cent of every dollar earned by beneficiaries is lost through reduced benefits. Third, it discourages private sector involvement by fully deducting from LAB payments all payments offered by employers. Fourth, it offers no opportunities for the provinces to participate in helping older workers.

For these reasons, in 1985 and 1986 the government undertook full consultations with the provinces, businesses and unions on the need for improved assistance for laid-off older workers. They encouraged the government to find a better way to help these workers. This led the federal government, in its 1986 budget, to indicate its intention to work with the provinces to develop a new Program for Older Worker Adjustment and to commit $125 million to the program.

• (1530)

Two and a half years of constructive discussions with the provinces and more than 35 federal-provincial ministerial meetings led to the joint development of the new Program for Older Worker Adjustment, or POWA. Details of an implementation plan for POWA were announced on October 6, 1988. Eight provinces, namely, Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba, Saskatchewan and Alberta, have already agreed to participate in POWA, and I understand that British Columbia has recently joined their ranks.

This is an outstanding degree of initial provincial participation for a new cost-shared federal-provincial program and a significant accomplishment. For example, the hospital insurance plan was launched in 1958 with five provinces and it took until 1961 for all provinces and territories to participate. The medicare system was adopted in 1966; by 1968 only two provinces were participating in the program, and it took until 1972 for all provinces and territories to join. With regard to Ontario, which has not yet agreed to participate in POWA, the continuing discussions regarding its participation in the new program are encouraging.

The basic principles of POWA, which are embodied in the proposed amendment, are as follows: one, it is open to all sectors and regions; two, it is based on a full partnership with the provinces; three, it offers scope for employer involvement; and, four, it provides better work incentives.

Honourable senators may wish to note that the basic principles of POWA are much fairer and more equitable than those of the LAB program. This amendment also includes appropriate transitional measures for older workers in sectors formerly covered by LAB.

For industries covered by LAB during August 1986, when most of the designations expired, the legislative amendment ensures that layoffs taking place between the expiry of those designations and the January 1, 1988, effective date for POWA are eligible for consideration. For any of the layoff cases being considered under POWA that occurred between August 1986 and POWA's announcement date of October 6, 1988, the legislative amendment would permit workers under the age of 55, whose age plus years of service equal 80 or more, to be eligible for consideration under POWA, because these workers would have been eligible for consideration under LAB. These transitional measures are necessary to ensure continuity between LAB and POWA for workers in industries formerly designated under LAB.

Since the announcement of POWA's implementation plan on October 6, 1988, the government and its provincial partners have already been asked to assess several hundred layoffs. Speedy passage of this amendment would enable the government more promptly to assist some of the laid-off older workers who have already exhausted their unemployment insurance benefits. These workers have pressing needs.

Organizations such as the Canadian Labour Market and Productivity Centre, the Advisory Council on Adjustment, the Economic Council of Canada, and the Canada Employment and Immigration Advisory Council have all publicly urged implementation of POWA as soon as possible. Members on all sides of the other place have also previously urged the government to implement POWA.

Correspondingly, I am asking all honourable senators now to support this brief amendment to the Department of Labour Act, which will get desperately needed assistance into the hands of older workers who have lost their jobs through permanent work force reductions.

On motion of Senator Frith, debate adjourned.

[*Translation*]

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on the evolution of the costs of Canada's health system and its consequences and to the need to appoint a committee or a sub-committee to study the matter.—(*Honourable Senator Doody*).

Hon. Paul David: Honourable senators, I know that since I started this debate with an inquiry, by taking the floor again today, I automatically prevent any other senator from speaking on this subject. I did not notice other senators who wished to speak. With Senator Doody's permission, and especially considering the notice of motion that I presented today, I must close this debate. I wish to thank Senators De Bané, Gigantès, Barootes and Haidasz for contributing their capable insight to the discussion that I raised on health care.

After discussion with Senator Marsden, who chairs the Committee on Social Affairs, Science and Technology, we intend, with the notice of motion I just presented, to refer this matter for discussion to the committee that she chairs. That is why my only task today is to thank all those who kindly supported my inquiry and the suggestion I made to refer this matter to a committee or a sub-committee.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, am I to understand that this inquiry is to be referred to the committee? Has a motion been made for this purpose?

Senator David: Honourable senators, at the beginning of today's sitting, I made this request at the time for notices of motions. I presented a notice of motion to refer this matter to the committee. You will find this motion on the Orders of the Day for next Tuesday.

If you wish to make an exception to the rule and allow me to refer the matter immediately to the Committee on Social Affairs, Science and Technology, I have no objection, because it is a pure formality.

Senator Frith: Honourable senators, Senator Marsden told me that an agreement had been reached between you. The motion does not appear on my list. Is it because permission was granted at the beginning of today's debates? I understand that the notice was presented today and that permission was granted. So I understand and thank you very much.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

[*English*]

FEDERAL ELECTION, 1988

THIRD-PARTY ADVERTISING—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Gigantès calling the attention of the Senate to third-party advertising during the last federal election.—(*Honourable Senator Gigantès*).

Hon. Philippe Deane Gigantès: Honourable senators, I resume my remarks of yesterday, which are the result of research done for me by Miss Sarah Dearing on what happened during the last election campaign. This is research that involved studying six newspapers from one coast to the other and measuring the inches of their headlines, measuring the inches of their Op-Ed page, articles, pro and con debate, and the volume of advertising by third parties.

● (1540)

The purpose of this research was to determine whether the Canadian public was sufficiently informed to make a decision—an informed decision—on the major issue before you. It is clear from this research that the Canadian public was not sufficiently informed, either by the party opposite or by us. I have a copy of my speech here, which contains all the references. Should any honourable senator wish to have a copy, I will be pleased to provide it.

Some of my colleagues in the Liberal Party have said that the Free Trade Agreement will endanger our medicare system. In a speech made in the Senate, which later became a book, I said that the Free Trade Agreement will not endanger our medicare system.

At one point in time Prime Minister Mulroney said that the Free Trade Agreement would mean thousands of new jobs for our youth in the future. It does not matter whether we are speaking of young Canadians in Quebec, Alberta or British Columbia; their message to us is clear: Give us this marvelous opportunity. Create jobs and we young Canadians shall build a stronger and more united Canada.

The Prime Minister also said that the Free Trade Agreement will mean better and higher paying jobs, lower costs and more profit. This, in turn, means businesses will invest more into technology, giving Canadians higher quality and higher paying jobs. However, based on the assumption that Canadian productivity will jump as a result of tariff elimination, the Economic Council of Canada projected 251,000 new jobs over a ten-year period, or 25,000 jobs per year. Of those 251,000 jobs, according to the Economic Council of Canada, 182,000 jobs would be in lower paying service areas such as retail, restaurants and hotels. Only 18,900 jobs would be in the manufacturing industry competing with the United States. Prime Minister Mulroney obtained most of his figures from this study by the Economic Council of Canada.

To put the perspective against what the Prime Minister was saying, in the last five years Canada has netted an average increase of employment of more than 300,000 jobs. It is against this performance that the extra 25,000 jobs a year should be seen.

Another selling point advanced by the proponents of the free trade bill was that tariffs would mean lower prices for consumers. As January 1, 1989, approached, we heard a different voice. A government which boasted massive savings when attempting to sell the agreement was trying to downplay consumer expectations. Consumer Affairs Minister Harvie Andre predicted that by the time the deal is fully phased in the

tariff will result in an annual saving of $800 a year for the average family. Shortly after the election there was obviously some doubt, because the same minister warned businesses that they had better pass on the savings.

Whether or not businesses pass on the savings, consumer benefits are questionable for yet another reason. After ten years the federal government would lose approximately $3 million a year from reduced tariffs. Some of that would be offset by higher tax collections elsewhere if the economy were stronger as a result. The Consumers' Association of Canada and the Conference Board of Canada warned that other taxes would have to be raised to offset the loss of tariff revenue. The Consumers' Association feared that the benefits from tariff cuts would be wiped out by the need for higher tax revenues.

Conflicting images were being given to the voter. We will come to what the media did about this. In addition to the images of benefits in the shopping centres, many people held the misconception that after January 1, 1989, they would be able to travel to the United States and bring back unlimited booty. To handle the confusion, Canada Customs launched an advertising campaign to try to set the record straight. It has set up a toll-free number to handle questions. During the election campaign proponents of the free trade deal fed the illusion that one could go south of the border immediately and buy, among other things, Japanese products, which are not covered by the agreement.

However, during the election campaign, when voter support for the Free Trade Agreement began dropping, the Prime Minister presented the issue in a different way. He said that the basic tariff of the Free Trade Agreement is to protect the two million jobs that depend on the U.S. market. He also said that, in the absence of a trade agreement, U.S. surcharges could be placed on Canadian exports, which would cost jobs.

According to the Economic Council, only 22,000 fewer jobs would be created over ten years if the agreement were not signed and the Americans turned nasty. Whom was the voter to believe? Free trade backers in Canada, including business leaders, forecasted that, if the free trade pact were not signed, U.S. industries would launch a wave of trade actions against Canadian imports that could cost thousands of jobs and jeopardize future economic growth. The Prime Minister said:

> If tomorrow morning, or in the absence of a free trade agreement, the American government imposed a surtax of 10, 15 or 20 per cent on such products (pulp and paper) that would be the end of several towns in Quebec, and the loss of thousands of jobs in Quebec.

He continued:

> (Turner's) Captain Canada talk may even make Canadians feel a little better protected. God knows, maybe even a little more patriotic. But certainly it's going to make us all poorer.

Mr. Lorne Walls, spokesperson for the Canadian Alliance for Trade and Job Opportunities, said:

> I can tell you if it doesn't go through, we'll all be in trouble. Our standard of living will start going down on day one.

Of course, on the face of it, that is an utter absurdity. It would take the Americans at least three months—if the American Congress can work that fast—to put measures of retaliation into place.

The Honourable John Crosbie, on the prospect of tearing up the agreement, said, during the election campaign:

> I think I can quote several economic forecastings firms, including the Economic Council of Canada, who indicate the immediate results would be a flight of capital from Canada, a failure of investment capital to come in here, a lowering in the value of the Canadian dollar with a consequent increase in interest rates. Those would be the immediate economic results.

The Economic Council, in April of 1988, assessed what would happen. They said:

> Failure to ratify the agreement would be unfortunate but not catastrophic.

Although that study found that free trade would benefit Canada, Sunder Magun, one of the economists who participated in the report—in fact, he led the team—also drew attention to the study's prediction that, even without free trade, Canada's "standard of living would nonetheless continue to improve." Again, here we have the voters faced with two contradictory views.

• (1550)

According to Harry Freeman, the executive vice-president of American Express, "It could be a nasty scene in 1989" if the pact is turned down. "A lot of trade complaints are stacked up right now, held off because the U.S. government said conditions would improve under a free trade deal."

But such fears were apparently groundless, according to U.S. trade experts, academics and U.S. congressional aids. Even Freeman was hard pressed to cite examples of "stacked-up cases." Indeed, Canada will be, and is, facing the same number of American trade cases in the coming two years, regardless of whether or not a free trade deal is in effect. Cases were expected to be filed affecting Canadian exports of cars, beer, wine, uranium, fish, steel and lumber at the time the agreement was signed.

Even Thomas d'Aquino—and sometimes I find it difficult to pronounce his name; not because my tongue cannot get around a foreign word but because I do not like his tactics—chief executive of the Business Council on National Issues, said, before the Free Trade Agreement was reached:

> If an accord cannot be reached, the Americans will not lash out at us with a vengeance.

He added:

> There is no question that it is going to become rougher, that there is going to be hand-to-hand combat on some individual issues. But we should not reach for a cup of hemlock.

I quote him because I want to put on the record that he did occasionally tell the truth.

What did the media do for us? Clearly, here was a case where the media should have helped the public to sort out facts from fiction.

The report from the Royal Commission on Newspapers states that the first and pre-eminent role of the media is a public service mission. I am sure that Honourable Senator Doyle agrees with that statement, because he honoured that mission. It goes on to state that a free and vigorous press is universally recognized as being vital to the proper functioning of an open democratic society. This lays a clear duty on the owners of the newspapers to ensure that their readers are fully and fairly informed about the condition of the society in which they live.

In a sampling of six Canadian newspaper editorial and opinion pages, 11,315 inches of space were devoted to the free trade issue. Of that amount, 51 per cent gave the pro argument; 40 per cent the negative; and 9 per cent was neutral. Of that total negative argument, 42 per cent appeared in the *Toronto Star*, four of the six papers clearly stated that their editorial stance was pro free trade, and only two—the *Halifax Daily Chronicle* and the *Edmonton Journal*—came close to presenting a fair presentation of both sides. Several newspapers ran editorials from American newspapers and columns written by Americans, all the while arguing that free trade would not affect our culture and that their influence would not be too great.

Walter Lippmann once said:

> ... the task of selecting and ordering ... news is one of the truly sacred and priestly offices in a democracy ... The power to determine each day what shall seem important and what shall be neglected is a power unlike any that has been exercised since the Pope lost his hold on the secular mind. Now, more than ever before, print determines if not how we think, then certainly what it is that we think about ... Print, principally newspapers, determines society's agenda.

A study of public opinion in Canada from 1960 to 1978 found that public perceptions of the most important problems facing the country were related not only to the actual incidence of unemployment and inflation, for instance, but also to newspaper headlines. So I have examined the headlines during the election to determine what perceptions the Canadian public may have developed.

Free trade was the primary agenda issue of the 1988 election campaign. That is no surprise. Of the election stories on the front pages of the newspapers surveyed, free trade accounted for 30 per cent of the stories; 45 per cent of these were critical of free trade; 38 per cent were pro free trade; and 17 per cent were neutral. The majority of the stories were reports of what the leaders were saying, not providing substantial information on the subject. Newspapers did not deem free trade to be an important issue until after the leaders' debates. Up until that time it appeared that the most critical issue of the campaign was the performance of the leaders, in theatrical terms.

General campaign stories dealing with non-issues, such as party strategies—as if the reporters could really know what those were—advertising, image, performance reviews, projections and campaign themes, were equally or more prevalent than free trade, with a national average of 38 per cent of the stories devoted to these non-issues. The *Globe and Mail*, newspaper of the "opinion leaders," devoted 42 per cent of its front page election stories to non-issues. In addition, 12 per cent of the newspapers' stories dealt with public opinion polls, pushing the non-issue, or "horse-race," total to 50 per cent.

Perhaps more worthy of that space would have been information about the proposal to purchase nuclear submarines, the environment, the proposed national sales tax or the deficit.

Senator Stewart: Oh, no! Don't mention that word, please!

Senator Gigantès: Okay. This focus on non-issues is not new to Canadian election campaign coverage.

In my notes—and I will not read you this—there is a study looking at the 1984 election campaign with the same sort of analysis. The results are parallel in the 1988 campaign, as I had it studied.

On October 24 the *Globe and Mail* ran two front page articles comparing the Canadian and U.S. elections. It praised Canadian politicians as more willing to discuss policy and answer questions than their American counterparts—and that is true. The article states:

> In the U.S., in place of George Bush, the Republicans serve up a steady diet of "spin doctors" who are available for comments on inconsequential details of the campaign contributing to horserace coverage to the exclusion of most ideas.

I read to you earlier that the *Globe and Mail* gave a lot of space to the horse-race aspect.

To some extent polls are said to make journalists' jobs a good deal easier, in that quoting a few numbers and commenting on them requires less time and effort than do more broadly based appraisals. There are some who would maintain that, whatever the concern about polls effectively crowding out more substantial issues in the media, fear of their direct, and somewhat illegitimate, effect on voter behaviour is unfounded. The evidence in Britain is that public opinion polls do influence the way some people vote and that they are being taken into account by increasingly large numbers of people. I have the footnotes, if anyone wishes to see them.

In 1985 the Roper Organization, a polling organization in the United States, found that 9 per cent of the people surveyed felt that polls had "almost no influence on behaviour," but 58 per cent felt that they had "some influence" and 21 per cent felt they had "quite a lot of influence."

The *Globe and Mail* added a new twist to the reporting of public opinion polls as well, adding the economic impact factor. Twice the *Globe and Mail* ran results favouring the Liberals, accompanied—just under them—by articles on

plummeting stock prices and the Canadian dollar as a result. When the Liberals fell down, but the stock market did not rise up, the *Globe and Mail* did not point out the relationship between the standing of the Liberals in the polls and what the stock market was doing, but it was used visually as a correlation which did not exist.

• (1600)

If the newspaper sets the agenda for society, then the agenda for the 1988 federal election focused on who was running the most interesting campaign and who was likely to win. If the media are the prime source of information on candidates, it is no wonder that there was confusion on issues, including free trade. The manner in which the stories on free trade were presented did little to clarify the issues. We were simply bombarded with conflicting statements, with each side calling the other a liar.

In recent years the scholarly literature on mass communication has introduced the concept of a "knowledge gap." It suggests that the effect of the mass media in transmitting political messages is to increase the gap in knowledge between high- and low-status voters—well-educated, high-income versus less-educated, lower-income—and thus further enchance the significant information, and thus power, advantage that high-status voters already enjoy. This suggests that the media may not be fulfilling their role in providing substantial and meaningful information for the mass of average Canadians.

In elections, because the lower-educated groups may not know as much at the end of a campaign about the issues and candidates as the higher-educated groups, they are less able to vote in their own interests and are more susceptible to being manipulated by political advertisements against their own interests. If there was any election in Canada's history where voters were ripe for manipulation, it was certainly the last one, and by both sides. The critique in this issue is bipartisan, or perhaps tripartisan. I remember the advertisement of the NDP featuring a grandfather and a little grandson going to fish. It looked exactly like a Coca Cola commercial wherein Art Carney played the grandfather. It is a charming commercial, and you feel like running out and voting for the little kid.

Senator Frith: Perhaps "nonpartisan" would be better than "tripartisan."

Senator Gigantès: Very well, nonpartisan. In the 1988 campaign many political observers said that the image factor was likely to play just as decisive a role as in 1984. The reason, according to political scientist Walter Soderlund of the University of Windsor, is that all three parties were attempting to pursue uncommitted voters—the so-called switchers, who, by changing party allegiance from one election to the next, determine the outcome of the elections. By definition, switchers do not identify with any one party, and they are not strongly influenced by ideology. As a result, they look to the leaders—or, more precisely, to the image of the leaders portrayed in the media—as a guide in making their choice. In other words, they look to the results of the work of those who sell aspirin under different labels, and use extremely wonderful, cinematographic techniques to make their product appear better.

Said Professor Soderland:

> It is a sad commentary on the political system, because public personae are what sell the leaders—and ultimately the parties—to the voters.

As political campaigning becomes increasingly sophisticated and more akin to marketing, the voters' choice on election day becomes ever more illusory. Critics argue that political leaders will be selected primarily for their skills as performers rather than for their vision, integrity and intellect.

Political scientist Frederick J. Fletcher of York University said on the subject:

> The moment a campaign becomes solely an exercise in political marketing, debate about the future of the country drops right out of the process.

An 1984 study showed that 63 per cent of Canadians depend on television as their main source of news.

Senator Frith: How many?

Senator Gigantès: Sixty-three per cent. According to experts, the dominance of television in political campaigns has exaggerated the importance of leaders' images. The reason, they say, is that even in-depth television coverage of election campaigns leaves viewers with a superficial impression of the candidates.

John Meisel, former chairman of the CRTC, has described television as a "major factor in the so-called presidentialization of Canadian politics"—that is his word. Said Meisel:

> The whole political process has become a form of entertainment, a sport. I do not think you can blame anyone—it is the nature of our society that we are more concerned with appearances than substance.

Honourable senators, I do not necessarily share Mr. Meisel's view, but that is his perception. However, the television networks do have a responsibility to provide the best possible coverage of an election. More and more they use what are called the "15-second sound bites." When I was working for Trudeau, those sound bites were 30 seconds. It seems they have shrunk them—probably because they did not like the quality prose I wrote. Sound bites are catchy phrases concocted by party strategists, uttered by the candidate on the campaign trail. The networks, however, do have the choice not to use material if it is insubstantial. Instead, by using those bites they help contribute to the shallowness of the campaign on all sides, and by airing exactly what the aspirin-packagers want them to air.

One disturbing aspect of television's participation in the federal election is the apparent emergence of concern for revenue outweighing their responsibility to cover the election as thoroughly and effectively as possible. We saw that when the networks were being niggardly about how much time they would allot to the debates because they would lose advertising time. Perhaps if the political parties had agreed to aspirin

ads—and perhaps aspirin would have been an apposite thing—they might then have given us more time on television.

Honourable senators, it was the debate that changed the nature of the 1988 federal election and it resulted in an unprecedented shift in public opinion polls, at least temporarily. The impact of this one single media event reflects the incredible power of television and underscores its duty in a democratic society. It is not adequate for television to act as a propaganda organ for political representatives of whatever party and for their marketing managers. It deadens democracy.

Honourable senators, let us now look at advertising. The worst development is that political points of view are now being promoted—and not debated—in a manner similar to competing commercial products, through advertising. There is a great deal of scholarly literature, studies and so on on this subject, all of which I have mentioned in footnotes here in my speech. If senators feel like reading them, they are welcome to do so.

In 1981 the public affairs division of the Conference Board of Canada held a conference on advocacy advertising. The Conference Board described advocacy advertising as a means of communication that:

> . . . business, government and special interest groups have recently adopted to place their message directly before the public without intermediary interpretation by the press or others not disposed to their viewpoint.

Honourable senators, as you will see, because I will repeat it later, I have no objection to a politician doing that. After all, that is what politicians are for. However, I do object very strongly to nonpoliticians doing it, because nonpoliticians are not accountable. A politician aims for power. He will participate in legislation. If he succeeds with his technique, he then must deliver. If he does not, he may have to pay the consequences. However, someone sitting outside the political arena and using these techniques, which are so effective, is somehow participating illegitimately. To use an example given on a television show by Mr. Jean-Marc Hamel, who has been in charge of elections for some time, the last election looked as if you had a boxing match in which the opponents were carefully checked to see that they had gloves of equal weight; that they did not have anything with which they could hurt their opponents, et cetera. You then let them fight with one another under the Queensbury rules, but you permitted the audience to pelt principally one of the two boxers with anything they wanted to while the fight was going on. So it is a problem we must address.

● (1610)

In the 1988 election an unprecedented amount of money was spent for exactly what I have been describing. It renewed concerns over unbridled third-party advertising during an election campaign. The problem, however, is that, as we all recognize, putting a lid on it is deemed by many to be an infringement on the freedom of speech and of participation by a wide range of interests. "Certain people tend to believe that intervention by small and medium-sized business in a campaign like this is anti-constitutional", said Mr. Mulroney. On the contrary, that is democracy. It is not medium-sized business; it is big business that intervenes. Medium-sized business does not have the bucks.

The United States has already experienced massive corporate lobbying through advertising during political campaigns. Researchers have suggested that grass roots lobbying has a strong impact, sometimes long before a campaign. Although causality is difficult to determine, the expenditures no doubt play some role in shifting public opinion. Otherwise, businessmen would not spend the money.

A report examining ballot initiatives over nuclear power in the United States showed that antinuclear initiatives in one state spent $231,000 and pronuclear forces spent $1.375 million, managing to shift public opinion. That is demonstrated in the documents to which my footnotes refer. The corporations involved argued that they did not buy elections but merely informed the public. Post-election polls consistently revealed that the opponents of the bills used the precise wording of the anti-initiative campaign, "the wrong solution," when asked why they opposed the measure. So it obviously had been drilled into their heads by the advertising.

One concern in the U.S. is that the groundwork for corporate-interest- group political advertising can be laid well ahead of time by continuous political advertising. Moreover, advertising campaigns may even eliminate some issues from the agenda by helping establish a political climate in which opinion polls demonstrate the unlikely success of initiatives unfavourable to business interests.

Perhaps the Canadian Alliance for Trade and Job Opportunitites felt their work was complete before the election began. When *Marketing Magazine* heard of the Pro-Canada Network's plan to distribute two million copies of its comic book, which, incidentally, distorted the issue, one of the magazine's reporters called the Alliance for its reaction. Mr. Lorne Walls, spokesman for the group, said that the organization would not be running advertising during the election campaign: "We have nothing to do with politics." Walls said, "We've always kept a long arm's distance from all governments and all parties and we're a little apprehensive about being active during the election campaign because now it's a partisan issue." This is a delightful statement by Mr. Walls, because the minute the polls seemed to indicate that the Liberals were having an impact in combating free trade, Mr. Walls and his organization started pouring out the money and putting advertisements in the paper.

It seems to be a moot argument in light of the 1988 election campaign of secrecy, half-truths, the stress on image instead of issues, and the "unlevel playing field" that emerged in the fight to get information across because of the amount of money available to third parties advertising on one side and not at all on the other. The Alliance says it got into the fray to counteract the lies presented by the opposition. Certainly the Pro-Canada Network's booklet contained misinformation, but Alliance ads were also misleading. That alone is one reason for

us to look at third-party advertising. Here is third-party advertising on both sides that is misleading. You can prove it is misleading.

It is assumed that "handicapping" the electoral process to generate a more competitive race is beneficial. That is what the Election Expenses Act does. If limiting the expenses of an individual who runs for office is good for democracy—and no one disputes that, and, for instance, Mr. Diefenbaker has made great speeches on this issue—then does it make sense not to limit the expenses of others who are intervening in the political process? We must give thought to this problem and try to solve it.

Senator Phillips: Would you include trade unions?

Senator Gigantès: Absolutely.

What can we do to make sure that conflicting ideas are put forth in a balanced way? I think the press has to bear much of the burden here. I would like the advertising to be done to be financed by parties. If you like what a party is proposing, you help that party within the limits of the Election Expenses Act, and you do not get in yourself and start spending tens of millions on one side, whether you are a union or whether you are an association of Canadian manufacturers. One reason for limiting corporate speech is that available evidence suggests that corporate political advertising easily overwhelms other interest-group or private-citizen advertising to secure favourable election outcomes. There is a lot of literature on this issue in the United States.

A sampling of newspaper advertising across the country proves this to be correct. Excluding the special inserts from both the "pro" and "anti" camps, advertising in favour of free trade amounted to 20 times the advertising against free trade. In addition, the research shows corporate advertising amounted to nearly three times more total inches of advertising than that of the Liberal Party itself. It makes one wonder who was running for election.

> Corporate political ads cannot be said to enhance democracy by increasing the amount of information in the environment and increasing the number of political factions participating in policy discourse. Arguably, such ads serve to limit the number of participants by changing the arenas of participation to costly mass media. Thus, corporate political advertising may be anti-pluralist disguised behind the mask of pluralism.

That is from an American study. The problem is that, in order to particpate as an advocate of a major point of view in this unlevel playing field, one must first be able to afford to purchase the advertising. Very few people can. Plain and simple, and cutting right to the core of the issue, "financial inequalities pose a pervasive and growing threat to the principle of 'one person, one vote'," because you cannot divorce vote from voice. You cannot have one person, one voice, when one person can use the mass media to amplify his or her voice to the point that it drowns all the others.

Corporate lobbying efforts raise important questions on the symmetry of discourse. In brief, democracy may not be possible where citizens are not roughly equal in their capacity to govern, to hold positions on the issues or, arguably, to participate. Corporations can potentially become derivatives of the "new class", setting the boundaries of political debate through their presentation of technical solutions and efforts as well as their ideology through advertising. With financial constraints not faced by corporate advertisers, only a handful of opposing interest groups can articulate their positions, and, even then, not to the same extent as business interests.

● (1620)

Equally important is whether or not ordinary citizens will be able to resist corporate political ads disguised as informative or image ads if they are not skilled enough to question the technical claims or evidence presented. There has been a lot of academic study in the U.S. on that.

Until recently the targets of most business lobbying efforts have been legislative and regulatory bodies in the United States rather than the mass public. Corporate and business interest group representatives, aside from feeling elite kinship with public policymakers, believed elite access was more important than mass persuasion. Efforts could be concentrated geographically and reserves of good will and trust developed with decision makers. The public was seen as irrelevant or too diffuse, with neither the desire nor the ability to understand the complexity of issues.

There was ample questionable information presented during the 1988 campaign. A full-page advertisement sponsored by Bayrock Yellowknife Resources Inc. quotes Thomas d'Aquino as saying, "Free trade doesn't mean you will be out of a job. The overwhelming consensus among Canadian economists and the Economic Council of Canada is that free trade will create more jobs than it will destroy and the new jobs will generally be better and higher paying." This is fairly modern for Mr. d'Aquino.

Referring once more to the Economic Council of Canada's projection, of the slightly more than 250,000 new jobs, 182,-000 of those would be low-paying jobs, such as those found in the retail trade, restaurants and hotels, and only 18,900 would be high-tech jobs.

The four-page insert produced by the Canadian Alliance for Trade and Job Opportunities, which I am sure you will remember was called "Straight Talk on Free Trade", was chock full of questionable evidence. A question found in that document was: "Won't Canadian business lobby to reduce spending on social and other programs?" The answer was: "Not at all." They have not been doing anything else since the election. The Canadian Chamber of Commerce, the Canadian Manufacturers Association and the Business Council on National Issues have all pushed and still are pushing for big cuts in social programs.

After the election Mr. d'Aquino said that the problem with the country was that we had too many social programs. Roger Hamel, president of the Canadian Chamber of Commerce, after the election, asked the Mulroney government to make cuts of about $4 billion a year from unemployment insurance

benefits, without specifying that the money should be put into retraining programs. Mr. Yves Guerard, chairman of the Canadian Chamber of Commerce, has also attacked the same programs.

It is therefore crucial for us, and all politicians, to examine the democratic limits on what third parties can do during an election before it gets completely out of hand. It may be that we should examine the possibility that third-party advertisers should express their opinions only through the political party that agrees with them; and that such an expression should come under the rules limiting electoral spending. That comment applies to all groups, including unions. There are newspaper publishers who feel they may lose revenue in that way, but that is just too bad. I think they can survive very nicely.

If Mr. Mulroney truly believed Canada could retain its sovereignty, he would not hesitate to condemn American corporations for their financial support—which amounted to 20 per cent in terms of the Alliance's effort to sell the Free Trade Agreement. A sign of the Prime Minister's sincerity and commitment to retaining our sovereignty would be to forbid this practice in the future. A sign that he believes in democracy would be for him to impose the very limits imposed on politicians upon third parties, whether they be unions, business or professional groups, that want to participate in elections. If we do not do this, we are going to become more and more Americanized, and important issues will be treated like the selling of aspirin.

Some Hon. Senators: Hear, hear!

Hon. Efstathios William Barootes: Would Senator Gigantès entertain a question?

Senator Gigantès: Of course, we must have our usual dialogue.

Senator Barootes: I regret being the first to rise, because there are important people here who want to ask the honourable senator several questions, but my own is very simple.

In terms of assessing the free trade reports in the newspapers, who made the judgment as to whether they were favourable, unfavourable or mutual?

My second question is: In assessing the impact of the articles in the newspapers, did the honourable senator equate the *Toronto Star* with 485,000 or so circulations with the *Kelowna Gleaner* with its circulation of 22,000?

Senator Gigantès: My honourable colleague was obviously not listening to me—and I don't blame him.

Senator Doody: Incredible!

Senator Frith: Do blame him. Why shouldn't we all listen?

Senator Gigantès: I considered the main newspapers in the main cities: the Halifax *Chronicle Herald*; the Montreal *Gazette*; the Ottawa *Citizen*; the Toronto *Globe and Mail* and the *Toronto Star*; one newspaper in Saskatchewan; the *Edmonton Journal*—I did not consider the *Calgary Herald* because the resources were limited—and the *Vancouver Sun*. I did not consider the *Kelowna Gleaner*. Whether they were pro or against was pretty obvious. I asked my researcher to send me stacks of articles and I did a 10 per cent random check. Her choice as to whether the article was pro, against or neutral was pretty fair.

Senator Barootes: It was your judgment.

Senator Gigantès: Yes, it was my judgment. I found that 42 per cent of the *Toronto Star* articles were against the Free Trade Agreement. That paper carried enormous amounts of free trade articles, and I say that in my study. When I tell you that the Halifax *Chronicle Herald* is balanced, you can check that if you like.

Senator Barootes: I trust, then, that the honourable senator made the judgment, and that he did not give any weighting as to the circulation and, therefore, the influence of those newspapers.

Senator Gigantès: I am sure the *Globe and Mail* would dispute that any newspaper, even with a larger circulation, could possibly have more influence than it has. If I were to weight the articles in the *Toronto Star*, I would say that they carried enormous impact because of its large circulation in Toronto. There is no doubt that it would have more impact than the Halifax *Chronicle Herald*. That is a fact.

However, what I was really discussing is the fact that there is nothing much we can do about newspapers except recite exhortations to them about their duty to be fair. Personally, I feel that on its Op-Ed page the *Globe and Mail* was pretty fair during the election. It was quite clear that it was in favour of free trade, but it did give space to those who opposed it, including myself. Other newspapers were not so fair. The *Toronto Star* was not that fair and, although it did not carry anti-free trade writings, it did carry an enormous amount of anti-free trade advertising, and the business lobby compensated for the comment in the *Toronto Star* by flooding the paper with pro-free trade advertising. Therefore, if you are going to weight the influence, you should weight that side as well.

• (1630)

Hon. Richard J. Doyle: I wonder if the senator would take another question or two.

Senator Gigantès: Of course.

Senator Doyle: In the course of your speech you told us that the question of third-party participation in election campaigns is one that is crucial for us all as politicians. That was your second or perhaps third reference to ourselves as politicians. I am certain you are speaking not just for senators but perhaps for people in the other place or for those who are found around us in official parties, and what have you.

Before we started to limit what parties could spend and do, surely we would have to have a definition of what those parties were. You did say, yes, that you would even limit the unions. That is fine. Would you limit the churches? Would you limit the schools? Would you limit the noble societies such as the Orangemen or the Masons, or all people who might come together in a group to talk about politics? Are we to suggest that during an election period these issues that politicians deal

with would only be open to discussion, to publication, or to tacking on to the cathedral door, if you will? That is a good, tried and tested third-party intervention in a hot debate. I just do not have the foggiest notion, senator, what you would do and how you would control this great mass of people, including the Doyle family, which has for generations fought every damned election with great fervour at the dining room table.

Senator Gigantès: Would you like an answer?

Senator Doyle: Are you going to limit all of those people and say that only senators, members of the House of Commons and their appointed people, their agents, are going to be able to spend money or act in any way in consort to make their issue an issue of importance in an election campaign?

Senator Gigantès: Senator, I detect a little sock in your voice about the word "politician" applying to yourself or to me. I feel socked occasionally when people say, "But you are a politician." I still consider myself a journalist, as you probably do. We are not politicians, in the sense that we do not get elected, but we do belong to political parties in a more intimate way than do people outside Parliament.

I did say that it is a very complicated issue and that we should consider where these limits can be applied and discuss it. Although you say the problem is very difficult, you do not seem to deny that there is a problem.

I am not second to you in your admiration of Martin Luther. The only complaint I have about Martin Luther is that he liked Tacitus too much, and he imposed Tacitean grammar on the German language so that all the verbs are at the end. You can get a set of five volumes from a German professor on a learned subject and all the verbs are in the fifth volume. That is Martin Luther's doing. He probably harmed the German nation's capacity to think in commonsensical ways because of that. However, yes, he did nail his writ on the cathedral doors.

It is a difficult problem to deal with, but the Government of Quebec has tried and, while you may disagree, it has grasped that nettle. It took the teacher's union to court for breaking the injunction against political advertising by third parties during an election campaign.

Senator MacDonald: Was it ever challenged?

Senator Gigantès: It is still before the courts.

Senator MacDonald: Can you refresh our memory on the challenge against the National Citizens' Coalition?

Senator Gigantès: The National Citizens' Coalition went to court and won in Alberta, after an attempt to limit them, and the federal Liberal government at the time did not pursue the issue. They left it there. They accepted the judgment in Alberta that it would have been a limit on the freedom of the National Citizens' Coalition. The fact that I think they are pretty flaky does not mean a thing. They probably think I am pretty flaky.

Senator Barootes: The judges of Alberta are flaky?

Senator Gigantès: No. They went to court there. Their president lives in Toronto. That is about as flaky as you can get—excuse me, Senator Frith.

Senator Frith: Senator who? Me?

Senator Doyle: That's all right. It's just preliminary evidence.

Senator Nurgitz: That is the case for the Crown, my lord.

Senator Frith: Well, adjourn it *sine die*!

[*Translation*]

Hon. Jean-Maurice Simard: Senator Gigantès, may I ask a few questions before I move the adjournment of the debate?

Senator Gigantès: Of course, senator.

Senator Simard: Honourable senators, if I am not mistaken, Senator Gigantès did not include a single French-language newspaper in his study. I wish you would tell me why you did not quote from any of the French-language newspapers.

Do you believe, senator, that if the newspapers had done their job, the results would have been different and the Liberal Party might have been elected?

Do you believe, on the basis of the findings of your study, that the democratic process was undermined by the situation that prevailed during the election campaign?

Senator Gigantès: Honourable senators, businessmen quite obviously believed they could influence the election. That is why, when they saw a change in results of public opinion polls, they suddenly started spending millions and millions of dollars. It is quite obvious that they—Mr. D'Aquino's alliance for progress and free trade, and so forth—believed they had to intervene by spending a lot of money to influence the election. I didn't spend the money, they did. You could say that maybe they didn't realize what they were doing, that they were just wasting their money. I am pretty sure they did a market survey and must have asked the Americans how they did things in the United States, and that is why they did it.

I think you are being unfair about a very important aspect. I have tried to be non-partisan on this issue. What concerns me is not which party won the last election. I am concerned about the process, about the unequal struggle that reverses the initial principle of democracy as formulated for the very first time by Solon in 594 B.C., according to which every citizen had one voice. When you get the sound and fury of billions of dollars, the voice of the average citizen is drowned out. That is what worries me. It should worry you too, if you have any concern for democracy.

Senator Simard: It was not my intention, and I don't think my initial comments could be so construed, to accuse you of being partisan. I asked you whether in your mind you felt, on the basis of your study, that the results might have been different. That is important. If you took this as a veiled accusation of partisanship, I apologize. I certainly did not mean it that way. However, I am still waiting for an answer. You did not answer my question. You mentioned what busi-

ness people had in mind, but you did not say what your intentions were.

I want to get back to my first question. Is there any explanation for the fact that all French-language newspapers in this country were excluded from your study? I think we should realize that the second largest newspaper in Canada, including both French and English newspapers, is *Le Journal de Montréal*. *La Presse* is another major newspaper. *Le Journal de Montréal* ranks second after *The Star*.

Hon. Royce Frith (Deputy Leader of the Opposition): What do you mean by "major", Senator Simard?

Senator Simard: Senator Frith, "major" in terms of circulation. We have *La Presse* and we have other excellent French-language newspapers in Quebec and elsewhere. I must say I deplore the fact that Senator Gigantès neglected to consider the journalistic habits of the French-language press and the treatment it gave the last election campaign.

Senator Gigantès: I would like to answer your question, Senator Simard, if you don't mind.

Senator Simard: Of course, Senator Gigantès.

Senator Gigantès: Honourable senators, I examined these newspapers personally. I must say I did not look at *Le Journal de Montréal*. I don't read it. I read *La Presse* every single day, I read *Le Devoir* and I read *Le Soleil*.

Senator Simard: Senator Gigantès, that was not mentioned in your study where you gave all the figures you quoted.

Senator Gigantès: Senator Simard, I will tell you why I didn't put this in my study. I did not want to accuse the French-language press of being childishly inept. Let me give you an example: Alan Dubuc, chief editorial writer of *La Presse* said in an editorial, and I could look it up for you, that if Ontario was opposed to the Free Trade Agreement, it must be a good deal for Quebec and Quebecers should vote for free trade.

I find this sort of editorial childish: If it's good for Ontario, it's bad for Quebec. Is fresh air good for Ontario and bad for Quebec or vice versa?

The level of childishness in *La Presse's* editorials was so obvious that I did not want to include them in my study because it would have given even more spectacular results for those in favour of free trade and against the rest. If I had written this whole analysis for you, I could not have been very kind towards the editorialists and writers of Op-Ed pieces in the French-language newspapers in Quebec.

Senator Simard: Before moving the adjournment of the debate, I would like to make the following comment: it seems to me that Senator Gigantès wanted to make a reasonable, serious effort to analyse six of the country's English-language newspapers. He spent a lot of time and energy drawing conclusions. Based on what he has just told us about what he called the childishness of the French-language editorials, and because of a problem that he might have had with an editorialist, he decided to draw conclusions and to automatically exclude French-language newspapers from his study. I think that is not a serious study, Senator Gigantès. I will make some more comments later. It will probably not be before the summer recess, unless we sit in July. If other honourable senators wish to participate in this debate, I will gladly give them the floor. Honourable senators, I would like to move the adjournment of the debate.

On motion of Senator Simard, debate adjourned.

• (1640)

[*English*]

FISHERIES

SECOND REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the second report of the Standing Senate Committee on Fisheries (budget) presented on Tuesday, June 20, 1989.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, since Order No. 6, Order No. 7 and Order No. 8 relate to approval of budgets for committees, which have already been approved by the main committee and which are simply on the order paper for comment by any honourable senator who wishes to do so, I think I should move the adoption of these reports since no one has commented on them.

Therefore, honourable senators, on behalf of Senator Marshall, I move the adoption of the report.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWELFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twelfth report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Transport and Communications) presented on Tuesday, June 20, 1989.

Hon. C. William Doody (Deputy Leader of the Government), for Senator LeBlanc, moved the adoption of the report.

Motion agreed to and report adopted.

THIRTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the thirteenth report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Scrutiny of Regulations) presented on Tuesday, June 20, 1989.

Hon. C. William Doody (Deputy Leader of the Government), for Senator LeBlanc, moved the adoption of the report.

Motion agreed to and report adopted.

RULES OF THE SENATE

MOTION TO AMEND RULES 5(*b*) AND 67 REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Opposition), pursuant to notice of Tuesday, June 13, 1989, moved:

That Rule 5(*b*), be amended to include "legislative" in the definition of "committee".

The new Rule 5(*b*) would consequently read:

"committee" means a committee of the whole, a select committee, whether standing, special or legislative, or a joint committee;

That Rule 67(2) be amended to remove the words "which does not fall within the subject matters assigned to a standing committee under subsection (1)".

The new Rule 67(2) would consequently read:

Any bill, message, petition, inquiry, paper or other matter shall be referred, as the Senate may decide, to any committee.; and

That the following subsection be added to Rule 67:

(3) A legislative committee shall be composed of not more than twelve members.

He said: Honourable senators, this motion is to be found on page v in the *Minutes of the Proceedings of the Senate*. It is self-explanatory, I believe. The object is to increase the Senate's flexibility with respect to committee study of legislation.

I discussed this with Senator Doody, and he, I think perceptively, said that, as he read it, it meant that we could have a committee created—such as the one we struck for Bill C-22—to study legislation or receive legislation, without having to set up a special committee, if the Senate wished.

The objective of the amendments is to add flexibility to the Senate's procedures and to streamline the mechanics for doing so.

Very quickly, honourable senators, the amendments that would be required would be to amend rule 5(*b*). That is the one found in the definitions section defining committees, and adds "legislative committee" to the other committees that are already in that family, namely, Committee of the Whole, select committee, whether standing or special, and joint committee.

The second change would be to rule 67(2). That deals with the powers of a committee and, as honourable senators will recall, lists the various committees and the number of senators to serve on such committees, as well as the subjects within their jurisdiction. So there would be an addition to rule 67. There would be rule 67(2), which would state:

Any bill, message, petition, inquiry, paper or other matter shall be referred, as the Senate may decide, to any committee.

By that point a "committee" would be defined to include a legislative committee.

The third change would set out the number of members to serve on the committee, and that would be no more than 12 members.

I ask honourable senators to support this motion.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, as Senator Frith has pointed out, when he spoke to me about this a few days ago I reacted with a little apprehension and quoted the Special Committee of the Senate on Bill C-22 as an example of what could happen if this amendment were adopted. I realize that Bill C-22 will be passed anyway, but this will provide an opportunity for the Senate to set up a whole series of legislative committees, as they have in the other place, as an automatic reflex. A special committee might be set up to examine a particular bill. I do not think that that is the intention of Senator Frith in this instance, but it certainly opens the door for that sort of thing.

• (1650)

It seems to me that we have enough trouble manning the committees we have now. We have a lot of standing committees, we have a succession of special committees and, of course, we have our joint committees. I have some reservations about this. Senator Frith has explained the mechanics of this situation, but he has yet to explain the necessity of it.

We may be better served if this particular item is referred to the Standing Rules and Orders Committee for examination; at that time senators may deliver themselves of any opinions, pro or con, on this particular matter. Maybe, after the committee has made a recommendation, we will be in a better position to decide whether or not this is indeed a wise departure for the Senate to make.

Hon. Charles McElman: Honourable senators, I am pleased that Senator Doody has made this proposition, because, had he not suggested it, I would have. I support the proposition that it go to the Standing Rules and Orders Committee for consideration and report.

Senator Frith: Honourable senators, if we did that today, I would support that recommendation.

The Hon. the Speaker *pro tempore:* Is this a motion, Senator Frith?

Senator Frith: If that is understood and I accept it as a motion, I understand that I am closing the debate. I will support the recommendation that this motion be referred to the Standing Rules and Orders Committee. So, if Senator Doody wants to so move, I will support it.

Senator Doody: I so move.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Phillips, that the motion be referred to the Standing Committee on Standing Rules and Orders for consideration and report.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and motion of Senator Frith referred to the Standing Committee on Standing Rules and Orders.

ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Dan Hays, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Energy and Natural Resources have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

He said: I do not intend to dwell on this other than to say that it is a standard motion required by the Senate for it to authorize the committee to engage the services of personnel for hearings.

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

Hon. Senators: Agreed.

Motion agreed to.

COMMITTEE AUTHORIZED TO STUDY ROLE OF PETRO-CANADA

Hon. Dan Hays, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the extent to which Petro-Canada has met its original purpose, and to evaluate this purpose with respect to Petro-Canada's evolving role in the Canadian energy scene; and

That the Committee present its final report no later than 31st March 1990.

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

Hon. Senators: Agreed.

Motion agreed to.

COMMITTEE AUTHORIZED TO STUDY DOCUMENT ENTITLED "ENERGY AND CANADIANS INTO THE 21ST CENTURY: A REPORT ON THE ENERGY OPTIONS PROCESS"

Hon. Dan Hays, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the document entitled: "Energy and Canadians into the 21st Century: A Report on the Energy Options Process", tabled in the Senate on 16th August 1988 (Sessional Paper No. 332-1008) and in particular to examine the energy policy observations and recommendations contained therein; and

That the Committee present its final report no later than 30th June 1990.

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

Hon. Senators: Agreed.

Motion agreed to.

[Senator Hays]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Sidney L. Buckwold, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

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

Hon. Senators: Agreed.

Motion agreed to.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Lorna Marsden, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

Hon. Finlay MacDonald: Senator Marsden, why would you move a motion like that when you have already been through the procedure with Internal Economy and got slashed up, as I did? Is the cart not before the horse here?

Senator Marsden: The budget proposal that I took to the Internal Economy Committee had as a codicil the necessity for the chamber to accept this, since our program of research has not yet been fully completed. It was a footnote on the budget that passed through Internal Economy.

Senator MacDonald: Which comes first?

An Hon. Senator: The chicken or the egg?

Senator MacDonald: I am serious.

Senator Doody: Don't pay any attention to him; he is sulking!

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

Hon. Senators: Agreed.

Motion agreed to.

CHILDHOOD POVERTY

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO STUDY RELATIONSHIP TO SOCIAL PROBLEMS IN ADULT LIFE

Hon. Lorna Marsden, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the relationship between childhood poverty and certain significant and costly social problems that manifest themselves in adult life and on measures that might better alleviate such problems; and

That the Committee present its report no later than December 31, 1989.

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

Hon. Charles McElman: Is it intended that this study be a continuation of the study that was instigated by the late Honourable Senator McGrand, entitled "Child at Risk"?

Senator Marsden: Thank you, senator, for the question. No, this motion allows the committee to complete work that was initiated through a motion in the Senate in 1987, which work was suspended until the committee was re-formed. So, no, it does not follow up on the ideas of the study "Child at Risk", although there may be some overlapping with it.

• (1700)

This is a repetition of the motion put by Senator Robertson, who was in charge of this work of the Standing Senate Committee on Social Affairs, Science and Technology.

Senator McElman: Would it be the intention of the committee to revisit the excellent research that was done for that earlier study in conjunction with this?

Senator Marsden: Senator McElman, in the first part of the work to which this motion refers, we did, indeed, review that report. As I said, there may be some overlapping of the subject matters, but this will not be a replication of that earlier work.

Senator McElman: Thank you.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 22, 1989

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

Prayers.

[*Translation*]

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-24, to amend certain legislation respecting superannuation and other pensions.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44 (1)(f), bill placed on the Orders of the Day for second reading later this day.

[*English*]

RADIO ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-6, to amend the Radio Act and certain other acts in consequence thereof.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, June 22, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SIXTEENTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Wednesday, June 21, 1989. The said budget is as follows:

Professional and Other Services	$35,750.00
Transportation and Communications	1,250.00
All Other Expenditures	3,000.00
TOTAL	$40,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SEVENTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, June 22, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SEVENTEENTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Wednesday, June 21, 1989. The said budget is as follows:

Professional and Other Services	$35,875.00
Transportation and Communications	1,000.00
All Other Expenditures	1,500.00
TOTAL	$38,375.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

AGRICULTURE AND FORESTRY

FIRST REPORT OF COMMITTEE TABLED

Hon. Efstathios William Barootes: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Agriculture and Forestry respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

SCRUTINY OF REGULATIONS

THIRD REPORT OF JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Gérald Beaudoin: Honourable senators, on behalf of Senator Cogger, I have the honour to present the Third Report of the Standing Joint Committee for the Scrutiny of Regulations respecting section 4 of the *Seals Act*.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this House.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see appendix p. 361.*)

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

On motion of Senator Beaudoin, for Senator Cogger, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

LEGAL AND CONSTITUTIONAL AFFAIRS

FIRST REPORT OF COMMITTEE TABLED

Hon. Nathan Nurgitz: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Legal and Constitutional Affairs respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday, 27th June, 1989, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

PAROLE

DETENTION PROVISIONS OF ACT—REQUEST FOR UNDERTAKING

Hon. Earl A. Hastings: Honourable senators, I have a question for the Deputy Leader of the Government in the Senate. I had hoped to pose it to the Leader of the Government in the Senate because he was anticipating it; nevertheless, I will put it on the record and hope to get a response as soon as possible.

My question pertains to the mutterings of the chairman of the National Parole Board, Mr. Fred Gibson, which mutterings lead me to believe that we are in for another round of symbolism or public relations efforts with respect to the conduct of the board.

He is reported as saying that the legislation we were called back to pass in July of 1986 is seriously flawed. Well, had he listened to the Senate in 1986 he would have known that that was precisely what the Senate was saying to the government—that is, that the legislation is flawed. We said that there was no way of actively predicting human behaviour. Nevertheless, they wanted their bill, they got their bill, and now they have come to the conclusion that there is no accurate way of predicting human behaviour, and they are going to institute a change in regulations and ask the government to make the decision. Then all categories of offenders will be deemed to be dangerous offenders.

Mr. Gibson said that had such an amendment existed two years ago it would have committed the authorities to keeping convicts like Melvin Stanton behind bars. That is utter garbage. They had all the authority in the world to keep him behind bars and they did not use it. Now Mr. Gibson is telling us that had he had that legislation he could have done it.

Bill C-67 provides a parliamentary review of that ingenious legislation in three years, that is, this year, 1989. I have reason to believe that they are going to do that by a change in regulations.

Can the Deputy Leader of the Government assure me and this chamber that no changes will be made within the detention provisions of the Parole Act while Parliament is not in session and until such time as that legislation is reviewed by parliamentary committee, as provided in the legislation?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, first, I should apologize for the absence of the Leader of the Government. I think all of us would agree that it does not happen very often. He was called to an appointment he made earlier and I think he spoke briefly to the Leader of the Opposition in that regard.

With respect to the question, or rather the speech, presented by Senator Hastings, I congratulate him on his eloquence and, without accepting any of the statements he made, I undertake to get as much information as I can.

Senator Hastings: I did not ask for information; I asked for an undertaking that no decision will be made with respect to the detention provisions of the Parole Act until Parliament has had a chance to review that legislation, as provided in the act.

Senator Doody: The honourable senator must surely know that I am in no position to make such a commitment, because, unfortunately, they have not seen fit to elevate me to a position from which I can provide the senator with the sort of advice and assistance he needs. I should, perhaps, give Senator Hastings some idea of the pecking order in this organization so that he will not be disappointed in future when he poses such questions.

I will repeat my assurance that I will find out for him whatever I can, and those people who are in authority and who can give him such an assurance, hopefully, will convey, through me to him, that assurance.

Hon. Senators: Hear, hear!

IMMIGRATION

REFUGEE DETERMINATION

Hon. Richard J. Stanbury: Honourable senators, I have a question I wish to put to the Leader of the Government in the Senate. I am sorry that he is not present, but I am sure it will be well received by the Deputy Leader of the Government.

On June 13 the *Toronto Star* reported that the Minister of Employment and Immigration, the Honourable Barbara McDougall, had intervened at the last possible minute to allow three refugee claimants, Chei-Ling Wong of China, Hussein Mohamoud of Ethiopia, and Nasrin Peiroo of Iran, to remain in Canada, despite the fact that the new refugee system established by the government had rejected all three of them.

What is most disturbing, honourable senators, is that one of them, a young lady 26 years of age, was so fearful of being sent back to China that she slashed her wrists in an attempt to commit suicide on the day that she was told she would be put on a flight to China that very evening. The young lady dreaded so much the potential pain and suffering she might have to endure at the hands of the Chinese authorities because of her father's opposition to the communist government of China that she was willing to take her own life instead. Honourable senators, if that young lady is not a refugee escaping persecution from a cruel regime, then I do not know who is.

The problem, honourable senators, is that, clearly, the government does not know what a refugee is, and this case raises several serious questions about the government's new immigration system.

Despite the fact that the former Minister of State for Immigration, the Honourable Gerry Weiner, stated before the Standing Senate Committee on Legal and Constitutional Affairs that the purpose of Bill C-55 was "to guarantee Canada's assistance, help, sanctuary and haven to the legitimate refugee in true need of it", and in spite of the Honourable Barbara McDougall's assurances that "we are bending over backwards to ensure no one who makes a refugee claim in Canada is ever removed to face death or torture", the message given by the case I refer to is that the refugee determination system is faulty and that, in order to attract the minister's attention, refugees will have to attempt suicide.

• (1410)

I should like to ask whether the Leader of the Government in the Senate is willing to undertake now that his government will reconsider the proposed amendments and the comments of the Standing Senate Committee on Legal and Constitutional Affairs contained in the committee's reports on Bills C-55 and C-84 of the Thirty-third Parliament, in which such tragedies were predicted and amendments were proposed to avoid them.

An Hon. Senator: Shame!

Senator Stanbury: I will go on to ask some supplementary questions. Although only these three cases have come to light, it is surely reasonable to suppose that there have been other cases of people being returned to countries, where they may have been persecuted or tortured, because they did not get a minister's permit to stay in Canada. Such mistakes are serious. Lives are involved. Can the Leader of the Government in the Senate tell us how many similar cases have occurred and whether the government has any monitoring system in place to determine what happens to people who are rejected by Canada as refugees?

Honourable senators, I have a further question. Is the government considering any changes in the system to ensure that such a tragedy does not happen again?

Further, as the preliminary hearings failed in the three cases which I referred to, is the government willing to broaden the scope of appeals to the Federal Court to include the facts and merits of a particular case, rather than simply the narrow legal issues?

The need for the minister's intervention in these three cases proves that more safeguards are needed to prevent meritorious cases being rejected. The government must amend the law to include clear safeguards. Will the Leader of the Government in the Senate undertake that his government will introduce such required amendments to the act?

Honourable senators, if new safeguards are not introduced, many people in the world may be justified in concluding that Canadian compassion under this Conservative government has taken a dive to an all-time low. It was to preserve Canada's character as a fair and tolerant nation that the Senate committee made its recommendations.

Honourable senators, I have asked those questions and would appreciate answers to them from the Leader of the Government in the Senate.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, we will certainly try to get whatever information is available for the honourable senator. Of course, certain allegations and statements in the rather lengthy speech the honourable senator has just made are not necessarily accepted. Nevertheless, we will certainly try to obtain answers to the parts of the honourable senator's statement that requested information.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Rossiter, seconded by the Honourable Senator Macquarrie, for the second reading of the Bill C-8, An Act to amend the Department of Labour Act.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we support the principle and the objectives of this bill. I have just a few of questions and I am sure they could properly be dealt with in committee. I think it is appropriate that the bill go to committee soon.

The first question I ask the committee to look at concerns the mechanics of putting into effect the objectives and principles of the bill. Yesterday Senator Rossiter said:

> This amendment is necessary to permit Labour Canada to continue to provide assistance to older workers who have become victims of major permanent lay-offs and who, after exhausting all opportunities for re-employment, as well as their unemployment insurance benefits, still have no prospects for re-employment.

I hope the committee will ask: What is a permanent lay-off? What will trigger the payments?

Senator Rossiter listed also the flaws that exist in the present LAB program. There are four of them, and they are:

> First, the only industries designated nationally for assistance have been the very narrow group of textile, clothing, footwear and tanning industries. Second, the LAB program contains very poor work incentives, because, even before taking income tax into account, 60 per cent of every dollar earned by beneficiaries is lost through reduced benefits. Third, it discourages private sector involvement by fully deducting from LAB payments all payments offered by employers. Fourth, it offers no opportunities for the provinces to participate in helping older workers.

I commend to the committee that useful description of the weaknesses in the present program to ensure that the new legislation remedies them. The new program, as Senator Rossiter has pointed out, is called the Program for Older Worker Adjustment. LAB has been replaced by POWA.

POWA, Senator Rossiter pointed out, incorporates basic improvements to LAB:

> . . . one, it is open to all sectors and regions; two, it is based on a full partnership with the provinces; three, it offers scope for employer involvement; and, four, it provides better work incentives.

Again, since we are dealing with the principle of the bill at second reading, we support those objectives and hope that the amendment meets them. We ask the committee to ensure that it does.

Honourable senators, Senator Rossiter may have said this yesterday, but, if not, I am sure she agrees that the bill should go to committee for study. I suggest that the appropriate committee is the Standing Senate Committee on Social Affairs, Science and Technology. I recommend to honourable senators that we support this bill at second reading and that, if Senator Rossiter moves that it go to the Social Affairs Committee for report before third reading, we support such a motion.

Honourable senators, there is one other point I wanted to make. At first I thought the bill might run into some difficulties with the Charter because of age discrimination. I must say that when I read the bill I was not reassured that it would have no difficulty. I intended to suggest to the Senate that we refer the Charter aspect of the question to the Standing Senate Committee on Legal and Constitutional Affairs. Nothing in the language of our rules would prevent the referral of a bill to two committees, each committee considering separate aspects of the legislation.

On this point, I would be interested in the views of Senator Beaudoin. I think he would agree that the bill raises some questions about age discrimination. My own feeling is that it would probably escape the Charter by reason of section 1 of the Charter.

• (1420)

The Hon. the Speaker: It is moved by the Honourable Senator Rossiter, seconded by the Honourable Senator Macquarrie, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: I would be satisfied if Senator Beaudoin would attend, as could I, the meeting of the Social Affairs, Science and Technology committee, and he and I could consult and could raise the Charter dimension itself in that committee, or we could ask that it go to the Legal and Constitutional Affairs Committee, if that seemed appropriate.

[*Translation*]

Hon. Gérald Beaudoin: Honourable senators, I would be very happy to sit on that committee. I am a member of the Standing Committee on Legal and Constitutional Affairs.

I would be very pleased if the bill were referred to the latter. If not, I would be willing to attend sittings of the Standing

Committee on Social Affairs, Science and Technology. I will then look into this matter.

Senator Frith: All right, Senator Beaudoin.

[*English*]

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Rossiter, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved the second reading of Bill C-24, to amend certain legislation respecting superannuation and other pensions.

He said: Honourable senators, Bill C-24 covers a simple matter, but it seems to have done so in a complicated way, because it amends such a large number of federal pension statutes. I trust that after my few comments and what might be said on the other side this bill will be sent to the Standing Senate Committee on Social Affairs, Science and Technology, it being a pension matter.

The statutes that are amended by this particular bill are the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Diplomatic Service (Special) Superannuation Act, the Members of Parliament Retiring Allowances Act, the Royal Canadian Mounted Police Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, and, lastly, but equally as important, the Pension Act, which applies to disabled veterans.

The major thrust of the bill is that benefits payable under these acts to surviving spouses will no longer be suspended or, as in some cases, cease altogether on remarriage. As well, the bill will remove from some of these acts provisions that cause student allowances to cease if a student marries or that terminate children's allowances at different ages for males and females. The proposed changes would also end the actuarial reduction that is applied under some of the acts to allowances of surviving spouses who are 20 or more years younger than the contributor.

The remarriage provision affects some 2,200 surviving spouses of public servants, members of the armed forces and the RCMP, members of Parliament and non-career diplomats. Approximately 4,500 surviving spouses of veterans and former prisoners of war have lost their pensions over the years through remarriage. Smaller numbers are affected by the "20 years younger" provision and the provisions relating to student allowances.

The government has always intended that the issues arising from these particular provisions would be dealt with in the course of the significant pension reform initiatives which it has already undertaken and which it will continue to improve upon. As honourable senators are probably aware, the Federal Pension Benefits Standards Act, the Canada Pension Plan and the Judges Act have already been amended so that surviving spouses' benefits continue on remarriage. Similarly, the Canada Pension Plan amendments removed the requirement that student allowances terminate on marriage.

The government is anxious that Parliament proceed now with Bill C-24 so that benefits will no longer cease or be suspended in this way. Benefits that have been suspended can be reinstated as speedily as possible. We are not only talking about stopping the practice of suspending or ceasing payments. We are also ensuring that people will receive the benefits that were taken away from them, just as if this act had been passed many years before.

The President of the Treasury Board has indicated that the value of the benefits that would result from passage of this bill is approximately $11 million annually for the public service pension plans. An additional cost of $28 million will result if all remarried surviving spouses of veterans and former prisoners of war apply for reinstatement of their benefits. All of the benefits either suspended, terminated or reduced will be reinstated as of the date this bill is enacted.

In the case of veterans, an application will be required prior to reinstatement, and date of reinstatement will be governed by the normal provisions governing survivors' awards under the Pension Act.

A concerted and caring effort will be made by the pension administrations concerned to locate each and every person whose benefits have been either suspended, terminated or reduced by reason of the provisions I have just mentioned. In some cases surviving spouses will have received a lump sum of money as a final payment under the acts when they remarried. In these instances it stands to reason that the lump sum should be repaid. These people will then be receiving the back portions of monthly payments. There will be a set-off. In instances where the lump sum would have exceeded the amount owing to them in the catch-up of the monthly payments, arrangements will be made in a humane and sensitive fashion, through moderate monthly deductions, to repay the lump sum they have received.

Hon. Royce Frith (Deputy Leader of the Opposition): In other words, they will not have to write cheques to send it back; it will be deducted.

Senator Nurgitz: It will be owing, and they may write a cheque if they can.

Senator Frith: Otherwise they can use deductions?

Senator Nurgitz: Otherwise they can do it through a monthly deduction method.

As I stated earlier, the required changes to the pension statutes are relatively simple and can be made on a timely basis. The provisions that Parliament is being asked to repeal

have been in the various acts since they were enacted, and in some cases were contained in their predecessors. Before the Public Service Superannuation Act came into force, for example, public servants' pension arrangements were provided under the Civil Service Superannuation Act, which was enacted in 1927, and it contained both the provision relating to remarried surviving spouses and the provision governing the reduction in allowance where the surviving spouse is 20 or more years younger than the contributor.

The restriction of payment of survivor pensions to those widows who did not marry reflected the financial dependence of a wife on her husband in those days and presumed that on remarriage the new husband would assume financial responsibility for her, rendering the payment of a widow's allowance unnecessary. Under the superannuation plans, the incidence of remarriage was one of the things the actuaries took into account when establishing the costs of the pension plans and the contributions required, and that led to the provisions' being retained even after survivor benefits also became payable to widowers.

Similar considerations about the financial dependence of children on their parents lay behind the restriction of children's and students' allowances to recipients who remained unmarried and account for the fact that under the Defence Services Pension Continuation Act and the Royal Canadian Mounted Police Pension Continuation Act, Part II, survivor benefits were payable to sons until age 18 and to daughters until age 21 or marriage, whichever came first. Finally, the actuarial reduction made to the allowance of a spouse who is 20 or more years younger than the contributor reflected the expectation that the allowance would probably be paid over a longer period of time. The government is well aware that there are other pension related issues which need to be addressed, and they will be addressed in the public service pension reform process. However, I am certain that there will be unanimous agreement that these proposed amendments to the federal pension plans can, and should, be made at this time.

• (1430)

Honourable senators, today in the other place all three parties agreed to give passage to this bill in all three stages. I urge upon all honourable senators the passage of this bill.

On motion of Senator Frith, debate adjourned.

[*Translation*]

RADIO ACT

BILL TO AMEND—SECOND READING

Hon. Solange Chaput-Rolland moved the second reading of Bill C-6, to amend the Radio Act and certain other Acts in consequence thereof.

[*English*]

She said: Honourable senators, this morning I was told, first, that I was not to present this bill; then, at eleven o'clock, I was told to present this bill; at twelve o'clock I was not to present it, and now I am presenting it.

Hon. Royce Frith (Deputy Leader of the Opposition): And a couple of minutes ago you probably wondered if the situation had changed again.

Senator Chaput-Rolland: That is it! If I say something that does not sound correct, I hope you understand. I ask for your indulgence; for medical reasons I do not feel up to presenting this bill.

I am pleased to introduce Bill C-6, because anyone who has been in the communication field for 35 years is extremely happy to present a bill on communications concerning radio and television. At the same time, I am wary: freedom of the press is a fragile thing.

[*Translation*]

Still I am not concerned at all over Bill C-6 which I have the honour to attempt to introduce as best as I can, not even as a former journalist. This bill relates primarily to what I would call the hardware rather than the software. It is much more technical, much more mechanical and structural. It strikes at the very essence of radio broadcasting legislation which is always somewhat scary in a democratic system, afraid of it as we sometimes are, and rightfully so.

[*English*]

The Radio Act, now to be called the Radiocommunication Act, represents an important component in the legislative structure that supports the telecommunication industry in Canada. This legislative initiative is essential to maintain the wise use of the radio frequency spectrum for the benefit of all Canadians.

[*Translation*]

The word "spectrum" threw me for a loop, wondering as I was just what it meant in French, and particularly in English. I do not claim to be perfectly bilingual. I expressed my concerns to the officials and was told that "spectrum" — "spectre" in French — quite simply refers to the wide array of what we call radio, the wide array of the whole structure or the whole architecture our country will need so that our legislation on communications be state-of-the-art with respect to the structures and much more active than it has been in the past.

[*English*]

The radio frequency spectrum is the vehicle by which communication travels. Broadcast stations, satellites, cellular telephones, microwave relays, two-way radios—none of these radio devices and communication systems will work without a guarantee of interference-free access to the radio frequency spectrum.

[*Translation*]

How many times have we not been interrupted by something else while we were watching a program or trying to play a videocassette? And what about the times when we are out on the lawn, trying to use our cordless telephone, and all we hear is somebody else's phone? The purpose of this legislation is to regulate these things so there will be no more interference and that the onus will no longer be on the consumer but on the manufacturer.

I am not going to bore you for hours, trying to convince you that this legislation is a good thing, because, as I see it, this measure does not in any way affect the quality, the substance, the reality or the identity of what is transmitted, but it does affect the whole framework of our communications.

Industrialized countries all have a spectrum management system that is state controlled. In Canada, the government is responsible for efficient management of the radio frequency spectrum. This is the specific responsibility, and I think it stands to reason, of the Department of Communications.

I repeat, I would not be speaking to you here today if the Department of Communications intervened in the substance and quality of broadcasts. However, the bill does not in any way affect that aspect. This morning, I heard there had been no objections and that everyone realizes Canada has to update its entire communications system.

In other words, honourable senators, all Canadians must have access to the radio frequency spectrum for their social, economic, industrial, cultural and technical well-being. The spectrum, in other words, the entire range of this whole system, must be managed in such a way as to ensure that the use of radio communications as I said before, interferes as little as possible with other users and the general public. Here I would like to add a personal note. We have more truly entered the age of communications. A plane flying over our homes could pick up the frequency of our computers so that what we were trying to keep private could very easily be made public. This legislation is therefore also intended to protect Canadian industry against such eventualities and to prevent interference by various types of communications, and it does so with a lot more clout than was possible in the past.

Broadcasters, air traffic controllers, the police, ambulances and couriers depend on the availability of radio frequencies to provide their services. It used to be that when people talked about radio communications, they automatically meant radio, television and videocassettes, but today everything is communication.

Anyone who has a heart problem knows what a pacer is. Anyone who has been in an ambulance or been connected to a computer also knows that it is important to have high quality instruments. In this respect, the proposed legislation will ensure that the Canadian public will be able to draw maximum benefits from the work done by our engineers and our inventive minds.

There have been no important changes in the Radio Act for years, not since 1948, I am told, so that it is high time it was updated.

Radio communications technology has developed at lightning speed since 1905. We have come a long way. We are now in the satellite era. So it is high time Canada updated its infrastructure. That is why this legislation seems to meet with practically everyone's approval.

Some of the provisions of this bill—Don't worry, I am not going to read all that—urged Canadians to develop new applications for service and radio communications equipment.

[Senator Chaput-Rolland.]

Canadians will also be protected from the distribution and sale of equipment that does not comply. In other words, a consumer will no longer need to put up with the damage caused by interference from a micro-wave oven, your garage door will not open when you have to open your oven door—that is what it means. It will be the manufacturer's responsibility.

This bill is the first thorough revision of the act since 1938. The government is presenting this bill to this house because of the evolution of technology and the pressure to manage the spectrum efficiently—this wide range of structures and this great natural resource.

I would just like to conclude by repeating for you the following changes that are especially important for spectrum management:

Take into account non-technical factors, like the possible consequences of a radio tower in a community, before authorizing radio communications in Canada. I was once a member of a provincial legislature and I assure you that it caused serious problems when, without asking for permission, people set up large antennas instead of planting vegetables in their gardens. This caused serious problems for local communities. I think that it is extremely sensible to ask for permission before setting up such a tower;

Authorize the establishment, where necessary, of minimum technical standards for radio communications equipment, for non-radio equipment that can cause interference and for devices that are sensitive to radio waves, so that they do not interfere with each other's proper operation;

Enforce the regulations more strictly by providing higher fines and administrative recourse instead of going to court.

A cellular telephone company—and we know how essential this type of telephone has become today—must obtain confirmation of access to the required radio frequencies and their use before investing millions of dollars in building a sophisticated network.

Above all, consumers need to know that the products and services they use are safe, effective and able to operate properly under the conditions this bill will establish.

Moreover, the growth in the use of radio frequencies in Canada over the last few years has exceeded all expectations; the cellular telephone is the finest example. Telephone service on planes is expected in the near future. We will soon see people flying their plane and talking on the phone just as they do when they drive their car. It seems very important, but I am not too sure that it will work. High definition television (HDTV), the satellite mobile communications system (MSAT) and the new generations of cellular telephones will not work effectively without the required radio frequencies.

This means that Canada will take its place in the modern world of communications, that it will play its role effectively. This country is a vast territory that needs an extremely effective communications system to be in contact with and to understand itself.

• (1440)

[*English*]

This bill may seem unimportant to many, but that would be a grave misunderstanding. Because it is free of interference in its substance and in its essence, I hope honourable senators will adopt it.

On motion of Senator Frith, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTEENTH REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Fourteenth Report of the Standing Committee on Internal Economy, Budgets and Administration (senators' expenses) presented in the Senate on 21st June, 1989.—(*Honourable Senator LeBlanc, P.C. (Beauséjour)*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Order No. 4 is a very simple statement of Senate policy. I think we could safely adopt that report at this point in the name of Senator LeBlanc.

Hon. Royce Frith (Deputy Leader of the Opposition): I would have thought so, too. Perhaps I should not say that, because it sounds as if I am being critical of Senator LeBlanc and I am not. However, he specifically asked me to stand Orders Nos. 4 and 5.

Senator Doody: Fine.

Order stands.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

THIRTY-FOURTH GENERAL CONFERENCE, CANBERRA, AUSTRALIA

Hon. Heath Macquarrie: Honourable senators, we are certainly rolling along today, in contrast to yesterday, if I may so. I am delighted to make a brief report on the Thirty-fourth General Conference of the Commonwealth Parliamentry Association, which the Liberal whip, Senator Petten, and I had the honour of attending. There are many people in the press, and occasionally, I am sorry to say, some people even in this chamber, who are a bit scornful of what they call travelogues, but I want to assure honourable senators that I have no slides and I will not be giving that kind of travelogue.

Senator Doody: Oh, no!

Senator Macquarrie: However, I shall try to make things as colourful and as pictorial as I can—

Senator Doody: That will be more than sufficient.

Senator Macquarrie: —but it will not be the same as the great travelogues.

It was the two hundredth anniversary, as they put it, of the Australian nation. I commented to our Australian hosts from time to time that we in Canada used to be regarded as the senior overseas dominion, but that the best we can do is sketch our beginnings to 1867. But, lo and behold, these people told us last year that they were 200 years old. How they accomplished it is very interesting. I suppose they accomplished it by going back to the first colonists from Europe and saying, "That is when the country began." Had we done that we would have gone back, perhaps, to 1603, when the settlers came over under that great creator of overseas societies, Samuel de Champlain.

Senator Hicks: What year did you say?

Senator Macquarrie: I said 1603.

Senator Hicks: Sixteen hundred and four!

Senator Doody: It was before your time!

Senator Macquarrie: I do not have time this afternoon to discuss the point, but I am inclined to lean to 1603.

Senator Hicks: Point taken.

Senator Doody: Refer it to committee!

Senator Macquarrie: Our deputy leader suggests that we refer it to committee, and perhaps Senator Hicks and I could be on it. Anyway, I am not going to go back as far as 1534 when that wonderful, outstanding traveller, Jacques Cartier, came to Prince Edward Island and said, with great taste and prescience, "Tis the fairest land that anyone could see." He was our first tourist and our best one.

Senator Frith: What about Giovanni Caboto?

Senator Macquarrie: He did not come to P.E.I.

As the modern people on the board of trade would say, "Cartier didn't leave very much money in the province." But we were glad to have him as a very good tourist.

• (1450)

Anyway, we began by admitting that by their calculations they were probably older than we are by our calculations. I imagine that when the year 2001 comes the Australians will have a glorious celebration for the beginning of their Commonwealth, parallel with the great achievement of our nation builders in 1867, but, for anyone who likes to party as I do, I really did not complain.

In a more serious way—and sometimes I can bring myself to be serious.

Senator Nurgitz: Not often!

Senator Macquarrie: Not too often—I think we are both wrong and both insensitive in suggesting that the arrival of our European ancestors in Australia or in America was the beginning of our nations or the beginning of our civilization.

On the very first day of Australia's bicentennial there was an unhappy demonstration by the Aborigines of that country trying to point out the fact that their civilization, their contribution, their culture, was underplayed. I had no trouble detecting that feeling when I was down there in September and October when the celebration was under way. There is a very,

very deep and painful feeling of misunderstanding, neglect and perhaps worse.

When I was in Australia, I think like any other Canadian who goes there, I was at the beginning impressed by how different our countries are. We go to the north and freeze; they go to the north to a most lush and tropical country. Their south is cold. They say Macquarie Island is one of the coldest places in the world. In many, many ways we are different, but then, as one thinks that over a bit, we are very much alike. We have developed a British parliamentary system in a cultural environment entirely different from that which nourished the parliamentary stock in Westminster. Things are very, very different, but we are very much alike in our experiences.

I thought, too, that we are both very prosperous countries. I never saw more glorious and magnificent banks than the ones I found in the city of Sydney. Prosperity is oozing out of the country, yet there are the problems of prosperity that we, too, are having trouble dealing with. We are so prosperous that we do not seem to know how to cope with our own poverty and with some of our own economic differentiations. We also have the same troubles with powers, powers which are centrifugal and centripetal, since we are both federal states.

Some of my colleagues went down to Australia a few years ago and came back as great enthusiasts for an elected upper house, which the Australian Senate is. I found that a great many of the members of the House of Representatives in Australia would confide to me that the biggest problem down there is that the upper house is far too powerful, and that when you have a powerful upper house you get that power through the diminution of the lower house, and if you ever want to compare an American senator with a mere American congressman I think you will get an understanding of what that means.

I am very mindful and appreciative of the splendid organization of our conference by the Australian people. They did not miss an opportunity to treat us as welcome guests, and it is always a great experience—and I think every member who goes on a Commonwealth meeting knows this—to greet and talk with people from such a variety of countries. I am quite thrilled by the many new countries from the southern Pacific that are joining our ranks, Tuvalu and Vanuatu, and all these wonderful people from what we might call micronations.

I have studied with interest the relationship of Australia with those states and compared that with the continuing good relationship we have with the Caribbean Commonwealth. There is more we could do, but I think that we are very, very good northern neighbours to them, and they appreciate that. I see the same thing developing in the Australian situation. We cannot be anything but impressed by the Australian attitude towards their place in the world. There was a time when they felt so remote and so staid that they were not affected by the problems of the Third World. Now we find them, I think, highly sensitive to their position as a developed nation in a most important part of the world, where the Third World neighbours mean a great deal to them and where the welfare of those people means a great deal to the world.

It would be presumptuous of me, after six weeks, to pose as an expert on Australia. I pose only as an enthusiast for that fascinating country. Their exuberance is not hard to detect. I did receive that famous expression "G'day", but no one, thank God, called me "mate", because I didn't get to know any of them that well. I was impressed by a certain lack of modesty. We were told that certain buildings or certain churches were the biggest in the Southern Hemisphere. I thought I had seen some fairly stately edifices in Buenos Aires and Rio de Janeiro, which are also in the Southern Hemisphere, but so what? If it was the biggest in Australia, why not make it the biggest in the world?

They are a wonderful people, and I had a particular interest because their best governor was my ancestor, General Laughlin Macquarie, who built the great city of Sydney. I was able to walk Macquarie Street, spend a day at Macquarie University, which they say is the liveliest university in the whole Commonwealth, and I thought it was wonderful for an oldtimer like me to be there under such auspices.

Senator Frith: That covers two hemispheres.

Senator Macquarrie: At least! It was a pleasure to have a drink at Macquarie Inn. It was impressive to know that one of my kinfolk long ago made such an impact on such a great country. I never knew him to be much of a humourist, but he did say once that in Australia there are only two types of society—those who were transported and those who should have been transported. He had a preference for the transported people and that led him into great trouble. He very foolishly used their talents to build a great city, but he was accused of fraternizing with the ordinary folk.

What impressed me most about the Australian celebration—all the wonderful things they did, and their Expo activities were superb—was the centre of their bicentennial. What did they choose as the centre? Their new Parliament Buildings, a magnificent structure. It has already cost a billion dollars. Knowing something about what happens with public accounts, it will probably be a great deal higher than that when everything is in. Ours, which was built in 1859, cost less than $2 million.

I was lost in their Parliament Buildings several times, but I can get lost in a telephone booth. I do not have a great sense of direction, except politically. My colleague from the Australian Parliament said, "Everyone grumbles about how much the building is costing." But he also said that, fortunately, once they have had a tour of the building, they say that it is money well spent. This is one of the few occasions on which the people of a country have decided that the gem of their existence is the heart of their legislative process and the identification with parliamentary democracy.

● (1500)

With all their exuberance—and sometimes when people are nasty they say that Australians think like Texans, but I would never go so far as that, because I think they are wonderful people—they put their parliamentary structure at the beginning. I wish them well. I think it is wonderful to see a country

so prosperous, so impressive, so varied, so uniquely endowed by God and nature. All kinds of scholars and anthropologists have found Australia to be one of the most fascinating lands of the world.

A few weeks ago I was delighted to read that, for the first time in hundreds of years, parts of Australia have been blessed with rain and that there are now lakes that people thought could never exist, and birds are flying in from all over the Pacific. I am told there will be enough water for these water birds to be there for at least three years. Dormant eggs are hatching, the grasses are growing, and it almost encourages one to think that the age of miracles has not quite passed.

I would ask honourable senators if I might table the report of our committee. I was honoured to be with Senator Petten and with other colleagues who made up a very hardworking, conscientious group—as has been the case with most parliamentary groups I have been with. The record is impressive. The publication of the CPA, which I think is the best publication of all the parliamentary associations I have belonged to, recaptures very well the spirit of this great Commonwealth gathering. This book contains pictures of both Senator Petten and me. The one of me is larger, but he is younger and better looking so it gives us a certain equilibration.

Honourable senators, while I was there I had the opportunity to make a short speech. Sometimes I am not so happy about what I have said, but I remember that at the time I urged all my Commonwealth colleagues to welcome, not denigrate and not doubt, what was coming out of Moscow. I drew upon my old age and recalled the early days of the United Nations when we had the bitter cold war in the heyday of John Foster Dulles, and the last thing we should do is discourage the new breath of fresh air and democracy from the Soviet Union. I feel even better today than I did when I made that speech.

Thank you, honourable senators, for your attention. This will be my last travelogue for quite a while, because I know the whip will never send me any farther than Moncton or Moose Jaw from now on.

The Hon. the Speaker: If no other honourable senator wishes to participate, this inquiry is considered debated.

NATIONAL DEFENCE

DEADLINE FOR PRESENTATION OF SPECIAL COMMITTEE REPORT EXTENDED

Hon. Henry D. Hicks, pursuant to notice of Tuesday, June 20, 1989, moved:

> That, notwithstanding the Order of the Senate adopted on Wednesday, 5th April, 1989, the Special Committee of the Senate on National Defence be empowered to present its final report no later than Tuesday, 31st October, 1989.

He said: Honourable senators, this motion has been necessitated because of the recesses we have had, and particularly because of the initiative which Secretary General Gorbachev has taken in relation to the Soviet Union, which has required our committee to rethink some of the positions we have taken.

We have now finished our hearings and we do not expect to hear from any more witnesses, but we do need a little more time to write the report and of course to have it translated and published. Although it may depend on when Parliament is recalled, we do hope to complete that in the fall, long before the end of October. However, I have asked for this motion to extend our deadline to October 31.

I will be appearing before the Standing Committee on Internal Economy, Budgets and Administration later this afternoon. The committee will be asking for an additional $39,000, but we have about $20,000 carried over from our previous budget so that the additional money we will be asking for, for translation, publication and everything else, will probably be under $20,000. I hope this motion will be passed.

Senator Doody: Is this the final, final date?

Senator Hicks: I certainly hope so.

Senator Doody: So say we all.

Senator Hicks: I should point out that my tenure of office in this place expires in March of 1990 and I want to be clear of this committee long before that.

Motion agreed to.

NATIONAL DEFENCE

MOTION FOR RECONSIDERATION OF DECISION TO CLOSE CFB SUMMERSIDE, P.E.I.—DEBATE ADJOURNED

Hon. M. Lorne Bonnell, pursuant to notice of Tuesday, June 20, 1989, moved:

> That in view of the national commitment to serve the development of Canada's regions and the role of the national defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only national defence base in Prince Edward Island, that is Canadian Forces Base, Summerside, and calls upon the Government of Canada to reconsider this decision.

He said: Honourable senators, after giving two days' notice that I intended to bring this motion forward, I do so because I feel that this decision by the Government of Canada places a very heavy burden on the people of Prince Edward Island in general and on the people of Summerside and St. Eleanors in particular. Further, I do not believe that most Canadians realize what it means to a small province to lose 1,200 direct jobs and perhaps 3,000 indirect jobs. That would be equivalent to closing out General Motors in Ontario or taking 258,000 jobs away from Toronto or Montreal. I am quite sure that no government, Liberal, Conservative or NDP, if it had a heart, a conscience, or any feeling for people, would ever make a decision that would destroy that many jobs in a small community like Summerside or St. Eleanors, Prince Edward Island.

• (1510)

We consider that the Summerside air base alone brings in taxes to the local community of approximately $11 million. It brings in salaries to servicemen of approximately $50 million

to $60 million. It brings in sales of goods and services to the area of approximately $100 million, generated by the businesses that survive because of the number of people in that area because of the base. It brings in rents to people who own houses in that area. The Summerside air base represents approximately 10 per cent of the economy of Prince Edward Island. To take 10 per cent of the economy in one fell swoop; to take away the second major industry next to the government itself from a small province such as Prince Edward Island is a blow that has a very serious impact on our total economy.

It seems to me that if representatives of the government would go down to Prince Edward Island and talk to the people in that area they would realize what the base means to Prince Edward Island. I think if that had been done prior to the decision's being made, indeed, it would never have been made. By making this decision the government is taking away the only Canadian Forces base in the whole of the province of Prince Edward Island. When that base goes, Prince Edward Island will be the only province in Canada without a Canadian Forces base.

Honourable senators, I would be the first to admit that we are not in the middle of any great war; that there is no great need, perhaps, to train extra people to fly new planes, et cetera, at this particular time. However, we must always be in readiness. A nation that is not prepared and ready is a nation that is falling apart at the seams.

Honourable senators, already in the town of Summerside itself and in St. Eleanors the property values have dropped approximately 50 per cent. People who were intent on selling their houses now find that they cannot be sold, or, if they do sell them, they are selling to welfare families rather than to families who have regular incomes. The property taxes in St. Eleanors and in the town of Summerside have gone down because of the devaluation of property. Therefore, income to the town and to the villages in that area is being depleted. The property taxes used by the Government of Prince Edward Island for the educational system have also gone down because of the devaluation of properties in both Summerside and St. Eleanors.

Honourable senators, a great loss will also be felt in the tourist industry of that area, because people from other parts of Canada will no longer come to visit their relatives who were in the services at Summerside base or their families. Therefore, because of the closing of this base there will be a great loss to the tourist industry of western Prince County and, in particular, the Summerside and St. Eleanors area.

Moreover, until this announcement, the tourist operators in that area had been expanding their facilities because the tourist industry was growing in Prince Edward Island. Many of the motel operators have added new sections and new units to cope with that growth in tourism. Now, with the announcement of the closing of the base at Summerside, many of those operators, who have spent thousands and even millions of dollars to expand, will find that they now have on their hands empty facilities because there will be no tourists around to fill their units.

Honourable senators, many of the small business owners of the area will soon find that there will not be enough people around to make their businesses profitable. Some are scared to death of bankruptcy, whereas, prior to the announcement, they were thinking of hiring new employees and expanding. Now they are thinking of closing their doors, closing their shops, with the resultant loss of jobs. This, in the town of Summerside, which, until the announcement, was an expanding town.

Because that Canadian Forces base was situated at Summerside, many of the wives of the service personnel and many of the service personnel themselves were leaders in the community. They were active in the Rotary, the Red Cross, the St. John Ambulance, the Kiwanis Club, the Lions Club and many other volunteer agencies. Now most of those organizations will be losing their leadership and their guidance because many of these service people and their families will move away.

Because of the closing of the Summerside base the Province of Prince Edward Island will be losing money in equalization payments, because the population will decrease. At the present time there are approximately 1,200 people with jobs that are dependent on that base. If you include their families in the number that are affected by this closing, the population loss will be somewhere in the area of 5,000 people. The current population of P.E.I., which is approximately 125,000, will be lowered by that amount and therefore our grant per population will go down.

Honourable senators, the whole economy of Prince Edward Island will be devastated if we lose this base. If the federal government needed to save some money by closing a base, I suggest that they could have closed one in Ontario, perhaps in Toronto. The people in Toronto are looking for land on which to build new housing. In Toronto their land is more valuable than their base and therefore they would not mind losing their base in order to gain some land for housing. On the other hand, we in Prince Edward Island have plenty of land for housing, but we need the extra income, employment and business that is generated from having a base in our province.

Honourable senators, many of our small businesses in Summerside and in the surrounding areas are worried to death that they will need to go into bankruptcy in the next year or two. Our priests and clergy in the area tell us that already they are finding that people in the area are losing their self-esteem. Many families are having breakups because some of their members have to move away. Because of the loss of financial support some families are experiencing friction within the family. Many of the children are upset because they are losing their grandparents or they are breaking away from the family ties that they have had in Summerside for the last several years. Apparently, the clergy in the area have gone so far as to write to the Prime Minister to try to explain to him how they can see the difference in their churches, in their counselling. The physicians in the area tell us that, since this announcement, there is a greater percentage of people who are depressed, discouraged and who have nothing to look forward to in that section of Prince Edward Island, whereas in the past

they had great hopes for growth and development under the good Liberal government headed by Joe Ghiz.

Honourable senators, it is appalling to think that all of this was done by this government, without any consultation with the Premier of Prince Edward Island; that all of this was done without any consultation with the Government of Prince Edward Island; that all of this was done without any consultation with the opposition of Prince Edward Island; that all of this was done without any consultation with the members of Parliament of Prince Edward Island; that all of this was done without consulting the members of the House of Commons representing Prince Edward Island. I suspect that they did not even consult the members of the Senate from Prince Edward Island. I know that they did not consult me.

Senator Frith: Say it isn't so, Orville!

Senator Bonnell: All of this was done without even consulting the town of Summerside or St. Eleanors. All of this was done without consulting the Canadian Forces base itself in Summerside. All of this was done without taking into consideration the social impact on the economy of Prince Edward Island or the social benefits to our people in that province. All of this was done in the dead of night, in a room here in Ottawa, by the Prime Minister and Mr. Wilson, neither of whom, apparently, has any feeling for those who live in Prince Edward Island.

Honourable senators, it was a sad day, the day the news came down. I will admit that on occasions in the past it has been said that the Summerside air base was not strategically necessary for the defence of the nation. In the past it has been said by other, Liberal, governments that they were contemplating closing the Summerside air base. However, once they were informed of the socioeconomic impact and were advised that the base was necessary to the economic development of Prince Edward Island, that the base was needed in order to keep our economy on a par with the rest of Canada, they rescinded their decision and made sure the base stayed there. In fact, they even expanded it.

Senator Corbin: Which government was that, senator?

Senator Bonnell: That was a good Liberal government. Since the war, every time that issue came before that government, they always made sure that the base stayed there. But they did not take into consideration, necessarily, only the military strategy. They took into consideration the social impact upon the people of Prince Edward Island.

• (1520)

Honourable senators, that shows that this government has no feeling for the people. This government has feeling only for dollar bills and it forgets people. It is people, we must remember, who make this country great.

I could talk at length about the tragic decisions of this government, the arrogance of this government, the apparent inability of this government to see what it is doing to a people, what it is doing to a community, what it is doing to families; but, apart from that, I believe there is a great need for this base. There is a great need for it in that it acts as a search and rescue centre for the Atlantic seaboard in Canada; there is a great need for it in terms of the protection of offshore fishing rights, the protection of our shores against smugglers bringing in drugs and illicit products, and the protection against illegal immigrants landing on our coastline. There is a great need for such a base in the province of Prince Edward Island—an island province surrounded by water—to get our people to more elaborate hospitals in cases of emergency. We do not have CAT scans and all of that new emergency equipment. We must often fly our people to other hospitals, either in Moncton or Halifax, and this base was certainly a great asset in those terms.

There is a great need for this base because, of course, it provides training for the Canadian Forces. It really should be expanded to do more search and rescue along our coastline and to protect our 200 mile limit, because foreign fishing fleets are now coming within that zone and catching our fish. Newfoundland is closing its fish factories, Nova Scotia is closing its fish factories and Prince Edward Island is closing its fish factories because our fish are being taken by foreign fleets.

Honourable senators, this base should also be expanded to protect us from immigrants. We have found on the coast of Nova Scotia immigrants landing on the beaches at night. The same has been found off the shores of Newfoundland—immigrants coming from foreign lands by the boatload, coming into Canada without going through the regular channels. We have found that drug smugglers are coming to our shores in small boats, bringing in illicit drugs—opium, pot and hash—from the Caribbean, South and Pan American countries.

Senator Phillips: Where are they landing—Murray River?

Senator Bonnell: No, but they probably could. We have a nice little seaport there. You should come down and see it in your spare time. I am quite sure that you would realize the great need for the expansion of the Summerside base—and I am quite sure you do, it is just a matter of standing up and telling the rest of us how strongly you feel in favour of it.

Honourable senators, I could talk all day about the great need not only to maintain this base but to expand it. If the federal government wants to save money by closing bases, why not close the one, perhaps, in Toronto? Why not close one in Quebec? Considering the population of those two central provinces, they may not miss a base. But closing a base in the small province of Prince Edward Island, with a population of 125,000 people, means that you are hitting at the heart of the economy and at the heart of the people. It means that you are destroying a province—destroying the place where the Fathers of Confederation put this nation together.

We hope that when the Prime Minister meets with the other premiers in September in Prince Edward Island he will be able to tell us that he has reconsidered the decision, that he realizes how the economy of Prince Edward Island will be affected and that the Canadian Forces Base Summerside will not be closed but expanded.

I could go on to tell honourable senators about other things that have happened in Atlantic Canada and in Prince Edward

Island to hurt the economy, but, since it is late, I will stick to the facts about the Canadian Forces Base Summerside. Another day I will tell honourable senators how we are losing money through the 25 per cent cutbacks in ACOA, or how we are losing money through rebates on gasoline, how we are paying extra taxes of 1 per cent this year and another per cent next year, and all of the other ways in which the economy of Prince Edward Island has been affected. I will leave all of that for another day, and simply ask senators now to vote in favour of the motion I have put before them this afternoon that the government reconsider the closing of the base at Summerside.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until Tuesday, June 27, 1989, at 2 p.m.

APPENDIX "A"

(*See p. 349*)

SCRUTINY OF REGULATIONS

THIRD REPORT OF STANDING JOINT COMMITTEE

Thursday, June 22, 1989

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

THIRD REPORT
(Report No. 45)

Pursuant to its permanent reference, section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22, the Joint Committee draws the attention of both Houses to the *Formal Documents Regulations*, C.R.C. c. 1331, as amended.

The Regulations were made pursuant to section 4 of the *Seals Act*, R.S.C. 1985, c. S-6, which authorizes the Governor in Council to make orders and regulations relating to royal seals, the use thereof, royal instruments and documents under the sign-manual. The Act provides that all orders and regulations made under section 4 are "subject to the approval of Her Majesty the Queen". This approval was neither sought nor given in the case of the *Formal Documents Regulations*. It is settled law that where an enactment subjects the exercise of a regulation-making power by a public authority to the approval of another authority the failure to obtain that approval invalidates the resulting regulation. Accordingly, the Committee takes the position that the Regulations under report are null and void insofar as they were not approved by Her Majesty the Queen.

The *Seals Act* was enacted in 1939. In 1947, the Sovereign issued new Letters Patent constituting the Office of Governor General of Canada. Article II of the 1947 Letters Patent authorizes the Governor General in Council to exercise all powers and authorities lawfully belonging to the Sovereign in respect of Canada. It is the position of the Crown's legal advisers that by virtue of Article II of the Letters Patent, the Queen's authority to approve regulations made by the Governor in Council under the *Seals Act* is now vested in the Governor in Council.

Your Committee considers that the 1947 conferral on the Governor General in Council of all powers and authorities belonging to the Sovereign does not include the statutory power to approve regulations made under the *Seals Act*. If this were so, section 4 of the Act would have to be read as providing for the making of regulations "by the Governor in Council, subject to the approval of the Governor in Council". In effect, the 1947 Letters Patent would then be held to have rendered inoperative the statutory requirement that regulations be approved by Her Majesty. It is an established principle that an instrument of Prerogative, such as the Letters Patent, cannot alter the statute law. For this reason, your Committee takes the view that section 4 of the *Seals Act* was not affected by the subsequent issue of the 1947 Letters Patent and that any orders or regulations made pursuant to the Act must still be approved by the Sovereign.

Your Committee wishes to add that it has sought the advice of the Law Clerk and Parliamentary Counsel of the Senate in relation to the Regulations under report. It is also the conclusion of the Law Clerk that the *Formal Documents Regulations* are invalid.

In light of the position taken by your Committee, the Minister of Consumer and Corporate Affairs undertook, in October of 1987, to introduce a bill to amend section 4 of the *Seals Act* so as to delete the requirement that regulations made under the Act be approved by Her Majesty. It will be for Parliament to decide whether to amend the Act in this fashion. Your Committee trusts that appropriate legislation will be presented to the Houses as expeditiously as is reasonably practicable and recommends that, for greater certainty, this legislation validate the existing Regulations.

Respectfully submitted,

MICHEL COGGER
Joint Chairman

THE SENATE

Tuesday, June 27, 1989

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

Prayers.

[*English*]

HIS EXCELLENCY CHAIM HERZOG PRESIDENT OF ISRAEL

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I ask that the address of the President of Israel, delivered today to both houses of Parliament, and the introductory speech given by the Right Honourable the Prime Minister of Canada, together with the speeches of the Speaker of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of speeches, see Appendix "A", p. 393*)

[*Translation*]

DEPARTMENT OF INDUSTRY, SCIENCE AND TECHNOLOGY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-3, to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act and to make consequential amendments to other Acts.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

NON-SMOKERS' HEALTH ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-27, to amend the Non-smokers' Health Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

JUDGES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-30, to amend the Judges Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

CUSTOMS TARIFF

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-17, to amend the Customs Tariff.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

EIGHTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, June 27, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

EIGHTEENTH REPORT

Your Committee recommends that:

a) The Senate enter into a contractual agreement with a supplier (other than OASIS) to provide on-site service;

b) These services be provided through ADAPTEK systems at a maximum annual amount of $70,000;

c) Any additional costs incurred by Senators for support services and maintenance on equipment purchases through discretionary budgets be charged against a Senator's discretionary budget;

d) Phase II be implemented during summer recess when the Senate is not sitting.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

He said: Honourable senators might wish to refer to the report adopted on September 15, 1988, and will see that this is a continuation of that program.

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

THE ESTIMATES, 1989-90

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)—PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the fifth report of the Standing Committee on National Finance concerning the Supplementary Estimates (A) for the fiscal year ending March 31, 1990.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of Proceedings* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see appendix "B", p. 402*)

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

On motion of Senator Leblanc (Saurel), report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD BILL

REPORT OF COMMITTEE

Hon. Finlay MacDonald, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Tuesday, June 27, 1989

The Standing Senate Committee on Transport and Communications has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill C-2, An Act to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain Acts in consequence thereof, has, in obedience to the Order of Reference of Wednesday, June 21, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

FINLAY MACDONALD
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

NOTICE OF INQUIRY

Hon. Gérald Beaudoin: Honourable senators, with leave of the Senate and notwithstanding rule 44(2), I give notice that tomorrow, Wednesday, June 28, 1989, I will call the attention of the Senate to the Meech Lake Constitutional Accord and to the Canadian Charter of Rights and Freedoms.

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

Hon. Senators: Agreed.

[*English*]

LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Wednesday next, June 28, 1989, I will move:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

QUESTION PERIOD

CHINA

POLITICAL SITUATION—EFFECT ON ECONOMIC AND COMMERCIAL RELATIONS WITH CANADA—PROVISION OF CREDIT FOR GRAIN SALES—SHIPMENT OF GRAIN

Hon. H.A. Olson: Honourable senators, last week and the week before I asked the Leader of the Government in the

Senate if there had been an interruption in the regular commercial business with China. At that time the Leader of the Government said that it was too early to make an assessment of the situation.

Due to the fact that we are approaching an adjournment of this part of the session, I should like to ask whether or not there has been an interruption in those regular commercial business relations. More specifically, has the Government of Canada continued to provide credit, through the Canadian Wheat Board, for grain sales to China, and are shiploads continuing to be loaded and shipped from our west coast?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have asked for a report with regard to the latter part of that question. I shall endeavour to bring such a report in before we adjourn for the summer.

I am not aware that there has been any interruption in the provision of credits for grain sales, but I shall have to ask for confirmation of that.

WORLD BANK CREDIT LINE—GOVERNMENT PARTICIPATION AND POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, I should like to ask a question on a related subject.

Last week it was announced in the United States that the World Bank had cut off a credit line to China of an amount close to $1 billion. Could the Leader of the Government tell us whether Canada participated in that decision, and what the Canadian government's policy is on that issue?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask for a report on that matter as well.

THE CONSTITUTION

MEECH LAKE ACCORD—SUGGESTED AMENDMENTS—GOVERNMENT POLICY

Hon. Richard J. Stanbury: Honourable senators, I should like to remind the Leader of the Government in the Senate that four western premiers are meeting to discuss various matters of mutual interest, one being the Meech Lake Accord. It is now approximately two years since the first ministers signed the accord. There are still two provinces that have failed to affirm the accord, and now British Columbia and Newfoundland are indicating that they may want to reconsider.

● (1410)

As you recall, the Liberal Party in the House of Commons and in this chamber proposed a number of amendments to the Meech Lake Accord. We believe those amendments would satisfy those who are having difficulty with the accord, but would still not be offensive to the people of the province of Quebec.

[Senator Olson.]

In view of the serious status of the accord at this time, the question is whether or not the government might consider looking again at those amendments and putting them into force.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my friends opposite and their friends in the House of Commons proposed a series of amendments that would have gutted the Meech Lake Accord completely. I believe I dealt with that matter at the time.

Senator Perrault: You are going down with all guns blazing!

Senator Stanbury: Honourable senators, it is marvelous to use extreme language of that kind, but it does not move the proposition forward one whit. The fact is that unless something is done the accord will go down the drain. The question is: What does the government have in mind to save it? The Prime Minister continues to say that if it is not saved it will be a disaster for Canada. However, the Prime Minister himself is sending it down the drain by this kind of threatening attitude.

What we are looking for—and what I believe the government and the government leader should be looking for—is an opportunity to compromise and get something that is akin to the Meech Lake Accord while satisfying the difficulties that all of us recognize in that accord. That was what was recommended in the amendments that the Liberal Party put forward. Those amendments have been acclaimed broadly across Canada. It is only the stubbornness and extreme attitude of the Leader of the Government in the Senate that is preventing them from being utilized.

Senator Murray: Honourable senators, first, it is an old debate that is finished now, as far as Parliament is concerned. The amendments proposed by my friends opposite and their friends in the House of Commons left untouched practically no section of the Meech Lake Accord. I repeat: They would have had the effect of gutting the accord, plain and simple.

Second, I remind the honourable senator that the accord has been ratified by the Parliament of Canada and by eight provinces, representing 93 per cent of the population of Canada.

The honourable senator correctly states that two provinces have not yet ratified. Our efforts are in the direction of persuading those provinces to do so in the interest of national unity and in the interest of putting behind us the problems of 1981-82 so that the whole country can move forward together, with ten provinces at the table for constitutional reform.

The honourable senator says that our efforts should be directed somewhere else, to some other package. We have had amendments proposed by my friends opposite and we have heard suggestions from many quarters in this country as to what should be done to change the accord or to improve it, or what further constitutional reform should be embarked upon and so on. However, there is no package that I have seen, or that he or anyone else has seen, that enjoys the same measure of support within the federation as does the Meech Lake Accord.

While I am on my feet, I want to tell him, as a former national president of the Liberal Party of Canada, that he and his colleagues would be well advised—and they will have the opportunity to do so during the course of their leadership convention—to reinforce and to confirm the support for the Meech Lake Accord which the Right Honourable John Turner gave in the interest of national unity, to ensure that the errors of 1981-82 are put behind us and that the country can move forward, together and united.

Some Hon. Senators: Hear, hear!

Senator Stanbury: Honourable senators, I only wish to point out to the Leader of the Government in the Senate that the Right Honourable John Turner's support of the Meech Lake Accord was modified by the amendments which I am proposing.

An Hon. Senator: When? When was that?

Senator Stanbury: And I do not think he need worry about our choice of a leader. You may be sure that whoever the leader is will be perfectly competent to determine how he or she wishes to proceed on this matter.

I only suggest that, whether or not the deadline is firm, according to Gordon Robertson, if the government intends to go all the way down to the deadline talking in the way the Prime Minister has been talking, and my friend is talking now, in other words, in these extreme terms, then the day thereafter will be an extremely sad day, because no one thought of compromising, which is surely the Canadian way.

Senator Murray: Honourable senators, indeed it is, and a compromise that has the support of Parliament and eight provinces, representing 93 per cent of the population, I would have thought would commend itself to my honourable friend.

Also, Mr. Turner voted for the Meech Lake Accord as is, and so did the majority of his colleagues in the House of Commons, after their amendments had been defeated.

I am not at all concerned about the Liberal Party's choice of leader. I am, however, concerned about their choice of policy. In the course of this leadership campaign, and at their convention, the Liberal Party of Canada will have to decide whether or not they are with the "gang of '82," and with that peculiar concept of federation that the "gang of '82" advocated and lived by, or whether they are prepared to face the future and endorse the Meech Lake Accord, which is supported by their leader, so that the country can, as I say, move forward, together and united.

Some Hon. Senators: Hear, hear!

Senator Stanbury: Honourable senators, I should like to point out that it was not 93 per cent of the people of Canada who approved this accord; it was 11 people sitting in a room at midnight, or sometime thereafter, without any proper discussion and without any proper consideration.

Some Hon. Senators: Hear, hear!

Senator Stanbury: I should also like to point out that there have been Gallup polls recently that do not indicate that anything like 93 per cent of the people of Canada are in favour of this accord. As a matter of fact, now less than half the population of Canada is in favour of this accord.

Senator Murray: Honourable senators, I cannot forebear to compare this process, which involves debating and voting in the legislatures of ten provinces as well as in the Parliament of Canada with the 1982 exercise of which he is so proud, which was cooked up in a kitchen in the Chateau Laurier and then voted upon in the House of Commons and in the Senate, but not in the legislatures of the provinces.

Some Hon. Senators: Hear, hear!

• (1420)

ECONOMIC DEVELOPMENT

ATLANTIC PROVINCES—NEGOTIATION OF ERDA SUBAGREEMENTS

Hon. M. Lorne Bonnell: Honourable senators, to change the subject and to get the Leader of the Government in the Senate off the hook—

Senator Hicks: Why would you want to do that?

Senator Bonnell: I like the fellow and I do not like to see him in the position of having no answers; so I will give him a question he can answer quite easily.

As you all know, quite a few of the Economic and Regional Development Agency agreements with the provinces have not been signed as yet by the federal government. In Atlantic Canada, in particular, these ERDA agreements contribute substantially to the development and growth of the area. Could the Leader of the Government in the Senate advise us if the ERDA agreements with the Atlantic provinces, and in particular with Prince Edward Island, will be signed soon, and, in particular, will the agreement on tourism be signed soon?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my friend speaks of the ERDA agreements as if they were cast in stone, to be renewed automatically from time to time. That is not the case. They are signed for a fixed duration, after which they expire and are either renegotiated or replaced by subagreements in other areas of activity. All I can tell the honourable senator is that my colleague, the Honourable Elmer MacKay, the ERDA minister for Atlantic Canada, has now embarked on discussions with the provincial governments of that region concerning the various cooperative instruments between the federal government and the provinces in the area of economic development.

My information on the matter of tourism subagreements is not up to date. I simply remind the honourable senator, however, that those subagreements with the provinces funded a great many incentives to private industry. If I am not mistaken, the Action Program of the Atlantic Canada Opportunities Agency, which is 100 per cent federally funded, has taken up a good bit of that activity, thereby rendering the cooperative agreements with the provinces unnecessary in that respect. However, whether or not there will be subagreements with the

provinces to deal with some other areas of tourism is a matter that remains to be discussed between Mr. MacKay and those provinces.

Senator Bonnell: Honourable senators, I understand that ACOA has been cut back by 25 per cent and that the money to be spent is to be spread over a seven-year period rather than a five-year period. The ACOA programs are more between private industry and the government, to provide new development, new business and jobs in the area, and have little or nothing to do with ERDA, which is involved in such areas as tourism development, forestry development and other types of research development through shared agreements between governments. I ask the Leader of the Government in the Senate to bring this matter to the attention of the minister responsible—Mr. MacKay, if he is the minister—to determine whether the agreements will be negotiated soon. The Atlantic provinces need to know now for their planning. Summer is upon us and the tourist season is upon us. As honourable senators know, in many of our Atlantic provinces, when the winter months come we cannot do much; we have to sit back and wait for the spring and summer. If we do not know whether those agreements are going to be signed, that leaves the provincial governments out on a limb.

Would the Leader of the Government in the Senate bring this matter to the attention of Mr. MacKay and ask him to speed up negotiations and thus help the Atlantic provinces in some way? It seems to me that since the federal budget there has been nothing but cutbacks to the Atlantic provinces.

Honourable senators, as an aside, the only things I should like to see cast in stone are the witnesses which, hopefully, Senator MacDonald from Halifax will be recommending to the Standing Senate Committee on Transport and Communications.

Senator Murray: I do not know how my friend can talk about cutbacks in regional development spending in the Atlantic provinces when the fact is that in 1987-88 the amount of money spent was something in excess of $280 million. In 1988-89 the amount spent was $420 million.

Senator Thériault: I wonder why.

Senator Murray: In 1989-90 the amount to be spent is $500 million. In no year over the next three or four will the amount spent be less than $400 million. The honourable senator cannot accurately speak of cutbacks in regional development spending because there have been no cutbacks.

With regard to tourism agreements, I repeat that the Action Program, which is a program of direct assistance from ACOA, the federal government, to the tourism industry, has taken up a good deal of the room that was formerly occupied by federal-provincial agreements. However, that does not preclude the possibility of an ERDA subagreement between a province and the federal government. This will be a matter for discussion between Mr. MacKay and Premier Ghiz in due course. My information is that the minister, my colleague, has now embarked on those discussions with the governments of all four Atlantic provinces.

[Senator Murray.]

Senator Bonnell: Honourable senators, it seems that something is wrong either with my mathematics or with the government's mathematics. My understanding is that the total amount of money in ACOA was a fixed sum to be spent over five years. That same fixed sum is now to be spent over seven years. If you take that figure and divide by seven, it will amount to a little less per year than if you divide it by five. That is the kind of mathematics I learned when I went to school, but the honourable senator seems to be able to divide by seven and arrive at a larger number.

It does not make much difference how many millions of dollars we have spent when we consider that many of those millions of dollars were given to some of the ten richest men in the world. That money did not go to poor little provinces like Prince Edward Island.

Can the Leader of the Government tell us when these provinces can expect these ERDA agreements to be signed so that the provinces can continue with regional development in Atlantic Canada?

Senator Murray: Honourable senators, I do not have the statistics in front of me, but there are quite a few ERDA subagreements now in force in Prince Edward Island, as there are in the other three Atlantic provinces. I do not know exactly how many expired at the end of March 1989, but discussions will continue between Mr. MacKay and the provincial government as to whether it is consistent with our mutual priorities—Prince Edward Island's priorities and our priorities, because the federal government has economic development priorities too—to renegotiate those subagreements or to negotiate new agreements in other fields of activity. That is the subject matter of discussions between our two governments at this point.

I regret very much that the honourable senator disapproves of ACOA's programs of direct assistance to business. However, I suppose that is his view. He does not want ACOA to bring direct assistance to some of the large industries, which also happen to be large employers in the Atlantic region, and which applied for assistance to expand or to get into new product lines or whatever in order to create new jobs in that region. We take a different view of the matter. I think you will find that the approach we have taken has been quite successful. All you have to do is look at the unemployment rate in each of the Atlantic provinces and in the region as a whole when this government came to office in 1984, and the very considerable improvement in that rate and in the rate of job creation since that time.

● (1430)

I know that the honourable senator, who is a very fair-minded person, would want me to point that out.

Senator Bonnell: Well, honourable senators, let me say to the Leader of the Government in the Senate that not only have I asked questions about millions of dollars going to some of the ten richest men in the world but some of the cabinet ministers must have thought about that too, because they changed the policy. They now do not give out these millions of dollars.

According to the new ACOA agreement, they will, in the next few years, cut down the number of millions that they will give out to any one project. So the government itself must have thought it was making some mistakes by giving millions of dollars to these rich millionaires.

Senator Murray: On the contrary, honourable senators; the take-up rate from the private sector was phenomenal. It was not a matter of having made any mistake in the policy. The policy succeeded only too well. What we have decided to do in the event, instead of offering direct grants for projects with eligible costs of $200,000 and up, is still to offer loan insurance and interest rate buy-downs, which are of very considerable assistance and are, I think, quite effective incentives to private industry to invest and create jobs in the Atlantic region.

Senator Bonnell: But did you not change the policy? Did you not stop giving $2 million and $3 million to these multimillionaire companies?

Senator Murray: I have just explained the change that was made in the policy and why it was made.

Senator Bonnell: You changed it because you made a mistake.

MARITIME PROVINCES—RENEWAL OF ERDA SUBAGREEMENTS ON TOURISM—NEW BRUNSWICK UNEMPLOYMENT RATE

Hon. L. Norbert Thériault: Honourable senators, it is hard to sit here and take the hogwash from the Leader of the Government in the Senate about ACOA and regional development, if you come from New Brunswick. For the first time since Confederation, to my knowledge, the Government of New Brunswick has been funding the federal government. They have put money up front while awaiting signatures on agreements which have not come about. This is a first in the history of Canada and hardly speaks well for the present government after an election, as far as the maritimes are concerned.

However, I should like to ask the minister this question: Is he denying the fact that there was an announcement by the office of the minister responsible for the maritime provinces, Mr. MacKay, to the effect that there would be no more ERDA agreements on tourism? Are you denying that fact?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes, honourable senators.

Senator Thériault: Well, I wish somebody would advise the Governments of New Brunswick, Nova Scotia and P.E.I., because they are operating under the assumption that there will be no renewal.

Senator Murray: They must be listening to the honourable senator.

Senator Frith: And they would be well advised to do so!

Senator Thériault: No, they must be listening to you people, Senator Murray; but the fact of the matter is that on ACOA, on ERDA agreements, on VIA, on the new sales tax, and on all the important matters that are confronting this country today the government takes the attitude that they will say nothing until the House of Commons and Parliament shuts down—and people know it; don't kid yourselves!

Some Hon. Senators: Hear, hear!

Senator Murray: Let me say something before the Senate shuts down. It is not true that New Brunswick, as the honourable senator puts it, is funding the federal government. I do not know what his authority for that statement is. Mr. MacKay has been discussing with the Premier of New Brunswick various cooperative agreements between the federal government and the Government of New Brunswick. One of the scenarios being discussed is the possibility, in some cases, of the provincial government's taking responsibility for a bigger share of the agreement in the earlier years rather than in the later years. But that is only being discussed. No agreement has been made to that effect whatsoever.

So there is no question at all of the Government of New Brunswick's having funded, as the honourable senator has put it—

Senator Simard: What about the Rodney terminal!

Senator Murray: I am coming to that. We have in mind the same example—an example which my honourable friend has conveniently forgotten. Perhaps I will remind him of the Rodney terminal in Saint John, an area in the Port of Saint John which I think most of us would agree is exclusively within federal jurisdiction, a terminal that was badly needed by the forest products industry of New Brunswick and which the federal government of the day, for whatever reason, found quite impossible—quite impossible—to agree to fund.

The late Mr. Jamieson, the minister of the day, could not get agreement among his colleagues and could not work that through the bureaucracy and so forth, and finally came to the Province of New Brunswick and said, "We know how important this project is to the economy of New Brunswick. We realize it is our responsibility to carry it out and to help, and we would like to do so, but I just cannot get it through. Would you mind building it?"

So the Government of New Brunswick built it and funded it and paid the entire expenses for many, many years. I am not sure whether the federal government ever paid the Government of New Brunswick back. It was under considerable pressure to do so for a number of years, and perhaps finally it was shamed into reimbursing—

Senator Perrault: We don't need high drama!

Senator Murray: —the provincial government for that investment.

So, if it were to happen that the Province of New Brunswick funded, as my honourable friend puts it, the federal government, it would certainly not be the first time.

Senator Thériault: That is quite a different matter. I remember that occasion very well. Not only was Senator Simard around in those days but so was I. The Government of New Brunswick made a decision then. On this occasion the

Government of New Brunswick made an offer to the federal government to fund—at least, that is what I am told—the renewal of an earlier program on forestry and fisheries until the Government of Canada made up its mind whether there would be a renewal of the agreement or not. Is that not the fact?

Senator Murray: I do not know—

Senator Thériault: You do not know because you do not care. But that is the fact. Since May 1 the Government of New Brunswick has been funding what it hopes will be the federal government's share of the program. That is the situation.

One listens to the Leader of the Government in the Senate when he talks about the unemployment rate in New Brunswick. Honourable senators, it is true that from 1978-79, with a Tory government in New Brunswick, and during a worldwide recession, there was an increase in unemployment rates not only in New Brunswick and throughout the maritime provinces but all over the western world. This government came in at the tail end of that recession, at the commencement of a boom all over the western world, and today, after six years of that economic boom, we find the unemployment rate in New Brunswick to be twice what it was when I was a member of the government in the 1970s. It was then at 6 per cent; it is now at 12 per cent.

Is the Leader of the Government in the Senate blaming the government of the day for the recession of the late 1970s and early 1980s?

Senator Simard: Partly, yes!

Senator Thériault: When is the government going to stop looking back and start looking to the future? I ask that as it applies to the economic development of the maritime provinces, as well as Meech Lake. Never mind the past; look to the future!

Some Hon. Senators: Hear, hear!

THE ENVIRONMENT

DEVELOPMENT OF NATURAL RESOURCES—IMPOSITION OF FEDERAL STANDARDS—FEDERAL-PROVINCIAL CONSULTATIONS

Hon. H.A. Olson: Honourable senators, I should like to ask the Minister of State for Federal-Provincial Relations whether he is aware of the western premiers' meeting which started yesterday and which continues today in Camrose. I am concerned about the federal government's encroaching upon old or bringing in new laws respecting environmental concerns in the development of natural resources.

● (1440)

The minister will know that the Premier of Saskatchewan is extremely concerned about the federal government's imposing its environmental concerns on a couple of dam building projects that have been shut down, and the Alberta government is also extremely concerned about the federal government's environmental controls with respect to resource development in Alberta, such as the number of forestry product plants that are now under consideration.

I wonder if the minister could tell us whether or not there have been consultations between the two levels of government in order to try to bring this to a resolution so that we will not have these extremely expensive shutdowns that are now taking place.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The short answer to that question is, yes, honourable senators. Of course there have been consultations, and consultations will continue. I remind the honourable senator that federal legislation passed within the past year or two, and approved by this Parliament, does provide for national standards in this field so that we can achieve, or try to achieve, what are called equivalency agreements with the provincial governments.

We recognize that it is going to be difficult in many cases to achieve agreements between the federal government and the provinces in a way that will enable economic development to go ahead, but will also ensure that economic development will be consistent with the highest environmental values. That is our intention and our responsibility, and we believe that the people of Canada expect the national government, in the national interest, to conduct itself in that way. We have no doubt about our constitutional authority to do so.

Senator Olson: The question was whether or not there were meaningful consultations before these laws were brought in, because, apparently, some of the premiers are extremely concerned that the federal government is setting up standards for provincial governments respecting the development of their natural resources that—while it may be within the constitutional framework, if you want to put it that way—are clearly within their provincial jurisdiction.

Have there been consultations, or did the federal government just go ahead and set up these standards, because the premiers seem to be extremely concerned about it now?

Senator Murray: Honourable senators, there have been consultations between the federal government and the provinces from the time the legislation was introduced; there have been consultations on its application and on its implementation. Further, there are not infrequent meetings of federal and provincial environment ministers; so I do not think that provinces can accurately state that there have been insufficient consultations with them. They may not agree with the final resolutions of some of these matters that have been taken by the Government of Canada, but there has been more than adequate consultation between the two levels of government.

Senator Olson: So the conclusion is that the federal government went ahead with whatever it wanted to do in spite of the representations made to it by the provinces concerning these matters.

Senator Murray: Honourable senators, I do not know how or why the honourable senator would come to that conclusion.

Senator Olson: That is what they are saying.

Senator Murray: If he wants to discuss a particular case, let him put some particular questions on it and we will do our best to answer those questions in detail.

DELAYED ANSWERS TO ORAL QUESTIONS

ATLANTIC CANADA OPPORTUNITIES AGENCY

AMOUNTS APPROVED AND SPENT FOR FINANCIAL YEAR 1988-89

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate on May 18, 1989, by the Honourable L. Norbert Thériault respecting the Atlantic Canada Opportunities Agency—Amounts Approved and Spent for Financial Year 1988-89.

(*The answer follows:*)

	Amount Approved (millions $)	Amount Spent (millions $)
ACTION PROGRAM		
TOTAL GRANTS	17	7
Contributions		
— Newfoundland	128	23
— Prince Edward Island	37	18
— Nova Scotia	178	54
— New Brunswick	181	44
TOTAL CONTRIBUTIONS	524	139
COOPERATION PROGRAM		
Contributions		
— Newfoundland	5.4	13.0
— Prince Edward Island	0.6	5.0
— Nova Scotia	12.0	9.0
— New Brunswick	9.0	10.0
TOTAL COOPERATION	27.0	37.0
GRAND TOTAL	568.0	183.0

Grants: unconditional transfer payments which are not subject to being accounted for or audited but for which eligibility and entitlement may be verified.

Contributions: conditional transfer payments for a specified purpose which are subject to being accounted for and audited pursuant to a contribution agreement.

The payout of the amount approved will occur over a number of financial years. This amount represents new business entered into by ACOA.

The amount spent includes amounts paid out on ACOA new business and inherited programs and agreements transfered from DRIE at the inception of our Agency in 1987.

These figures do not include "loan insurance" issued to eligible lenders, payments in respect to the "Small Business Loans Act" for the Atlantic area, "Loans to assist industry in the Cape Breton area", and the Cape Breton Topping-up Assistance Program.

These represent our final internal year-end figures.

INDIAN AFFAIRS

SETTLEMENT OF LAND CLAIMS—REQUEST FOR NEGOTIATIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate on June 13, 1989, by the Honourable Jack Austin respecting Indian Affairs—Settlement of Land Claims—Request for Negotiations.

(*The answer follows:*)

In 1973, the government of Canada agreed to start accepting comprehensive claims for negotiation. The Nisgas were the first claimants to have their claim accepted for negotiation. The negotiations with the Nisgas are continuing on a bilateral basis between the government of Canada and the Nisgas recognize that no final agreement will be possible without the involvement of the provincial government.

The comments by the Minister of State (Indian Affairs and Northern Development), the Honourable Kim Campbell, recognize the view of the federal government that negotiation involving all parties in the area of claims is preferable to protracted and confrontational legal action.

TRADE

IMBALANCE BETWEEN CANADA AND U.S.S.R.—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate on June 21, 1989, by the Honourable Hazen Argue respecting Trade—Imbalance between Canada and U.S.S.R.—Government Action.

(*The answer follows:*)

In collaboration with the U.S.S.R. and Eastern Europe Trade Development Division of External Affairs, the Task Force Secretariat has explored ways and means of expanding bilateral trade contacts in an attempt to increase overall Soviet exports.

As part of the Canadian effort to familiarize the Soviet Union with potential export opportunities in Canada, in March 1987, the Task Force organized a mission of twenty-five Canadian businessmen to the U.S.S.R. under the leadership of the Honourable Charles Mayer, Minister of State for Grains and Oilseeds. Members of this mission established contacts with a number of Soviet exporting organizations and since that time are working on projects of mutual interest.

A Conference Series about Canada-U.S.S.R. Trade was held in Montreal, Toronto and Calgary in March 1988. The Conference Series was centered around the visit to Canada of Mr. Yuri Chumakov, Soviet Deputy

Minister of the Ministry of Foreign Economic Relations of the U.S.S.R. and senior representative of the Soviet Chamber of Commerce, from foreign trade organizations and a senior official from the U.S.S.R. Bank of Foreign Trade.

The success of the seminars was reflected in the increased interest and inquiries received by the U.S.S.R. Trade Representatives of the Task Force and External Affairs.

Canadian companies are also helping the Soviets to export more to Canada. They are following up on inquiries directed to them by their contacts in the Soviet Union, and by commercial representatives at the U.S.S.R. Trade Mission in Canada.

The last two years have witnessed remarkable transformation in the attitude of Canadian exporters and importers regarding business in the U.S.S.R. Some of the change relates to the public attention focused on the Soviet Union. Equally, the potential of the Soviet market is highly attractive.

In spite of the complexities and challenges involved in developing this market, our bilateral trade with the U.S.S.R. is on the increase. In 1987, Canadian exports to the U.S.S.R. were roughly $800 million. In 1989, this figure rose to $1.4 billion. Soviet exports rose from $35.5 million in 1987 to $156 million in 1988. We are encouraged by this trend as we recognize the need to increase Soviet exports to Canada to ensure a stable trading relationship.

THE LATE HONOURABLE HOWARD GREEN

TRIBUTE

Hon. Heath Macquarrie: Honourable senators, before we reach Orders of the Day, I should like to say a word about the passing of a great Canadian, a man whom I admired and for whom I had a great deal of affection. In the passing of the Honourable Howard Green Canada lost one of its distinguished statesmen. He ran in every election from 1935 to 1965, had a great military record, was a splendid barrister, an outstanding Minister of Public Works and, in my opinion, a great success as Secretary of State for External Affairs. This was a man who vigorously championed disarmament, who brought new vision into Canada's contact with the international scene, and who was a devoted United Nations man and a splendid internationalist. In his passing we have lost a great public man, and we extend our sympathy to his surviving sons.

Hon. Senators: Hear, hear!

[*Translation*]

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Tremblay, for the second reading of the Bill C-24, An Act to amend certain legislation respecting superannuation and other pensions.—(*Honourable Senator Frith*).

Hon. Eymard G. Corbin: Honourable senators, Bill C-24, passed last June 22 by the House of Commons, has to do with superannuation. The main purpose of the bill is to rescind age- and marital status-related restrictions on survivors' benefits in a number of public service superannuation acts, in the Members of Parliament Retiring Allowances Act and in the pension legislation concerning handicapped veterans.

[*English*]

Bill C-24 would amend the superannuation plan for federal public servants, members of the RCMP and the armed forces, members of Parliament and certain non-career diplomats. Bill C-24 would also amend certain provisions of the Pension Act that apply to disabled veterans.

The Statute Law Superannuation Amendment Bill contains four changes. The first change proposes to remove the provisions that suspend or terminate a surviving spouse's allowance when that surviving spouse remarries. The second change would remove in four public service plans the provisions that reduce the amount of a surviving spouse's pension when a survivor is 20 or more years younger than the plan member.

The third change removes the disentitlement of a student who is the child of a deceased plan member to an allowance when that child marries as of 18 years of age. Finally, the fourth change of limited application would remove the provision under the RCMP Pension Continuation Act and the Defence Services Pension Continuation Act whereby a son's entitlement ceases at age 18, whereas an unmarried daughter retains benefits until age 21. Bill C-24 will provide that the children's benefits continue until age 21, regardless of marital status.

[*Translation*]

Bill C-24 also provides that spouses, who had elected under prevailing plans to receive a lump sum to compensate for having their benefits suspended when they remarried, will now have to reimburse those payments to the pension plan account. This is to avoid double payment. Minister de Cotret said in the House of Commons that everything would be done to ensure that the reimbursement process is handled with sensitivity and compassion.

According to the government, these amendments will affect about 2,700 people and cost $11 million annually in additional benefit payments.

I think we should recall that these amendments have been expected since 1985, when the report *Equality for All* was published. This report recommended that federal superannuation legislation be amended to remove the discriminatory provisions that offended section 15 of the Charter, on the basis of marital status, gender or age.

The government responded to the report's recommendations in 1986, with a study of the discriminatory provisions in federal superannuation legislation. Subsequently, the government introduced Bill C-33 which died on the order paper of the House of Commons two years later in 1988, when the general election was held. I may remind you that this bill did nothing to remove the glaring inequities based on marital status, gender and age.

Today, it seems the government is being forced to act as a result of an application by the Federal Superannuates National Association to the Federal Court of Canada for a declaration that the termination of pension benefits based on marital status is unconstitutional. The amendments we are considering today should provide for a much fairer system, and they seem to meet the basic requirements of Section 15 of the Charter.

However, this reform has failed to meet all or at least a variety of expectations.

One of the bill's most glaring shortcomings is the absence of a retroactivity provision for benefit payments.

A clause of this kind would have compensated individuals for the income foregone under the legislation since the proclamation of section 15 of the Charter on April 15, 1985.

The absence of such a provision in this bill would appear to be manifestly unfair. The bill fails to provide any redress for damages suffered by beneficiaries since 1985 and it does not offer them any compensation.

Bill C-24 also fails to address a host of other issues that concern federally-regulated pensions. It does nothing to adjust benefit payments to the surviving spouse, nor does it do anything to improve the situation of surviving common law spouses.

Honourable senators, in the last few hours I have been advised of other possibilities for discrimination under the present plan.

• (1450)

[*English*]

It has been brought to my attention that the wife of a superannuate could obtain, upon divorce, an order under the Divorce Act giving her the right to receive her ex-husband's superannuation payments, or a portion thereof. However, if the superannuate subsequently dies, the ex-wife is cut off from all payments. Since she is no longer legally a wife, she is not eligible for survivor's benefits under the act. Benefits under a separation agreement, on the other hand, would probably continue because she would have been, at the time of his death, a legal spouse.

Upon divorce, if the former wife is awarded certain benefits under the Divorce Act, the presiding judge would take into account the spouse's needs when dividing assets. Rights to superannuation payments could represent a very substantial part of the wife's settlement. Should the superannuate die and the superannuation payment be terminated, the wife could find herself in serious difficulties.

Honourable senators, I hope that the committee to which this bill will be referred will examine this specific point, will attempt to extract information, and, short of an amendment, will obtain a commitment to re-establish equity and parallelism in the law of the land as it affects the pension legislation.

[*Translation*]

Finally, honourable senators, the amount of reforms completed to date can at any rate be appraised positively because it puts an end to crying inequities.

However, as I indicated, other matters remain to be settled. It is my hope the government will not delay in moving towards progressive and fair reforms.

Thank you, honourable senators.

[*English*]

Hon. Nathan Nurgitz: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Nurgitz speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Nurgitz: Honourable senators, I thank Senator Corbin for raising those several matters. I do not propose to deal with them now. Perhaps they and other questions that honourable senators may have could be raised with the departmental people when this bill goes to the Standing Senate Committee on Social Affairs, Science and Technology, to which I propose to refer it after second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

RADIO ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Simard, for the second reading of the Bill C-6, An Act to amend the Radio Act and certain other Acts in consequence thereof.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, let me begin by saying that we support second reading of this bill. We support its principle, but I do want to say something about what I think should happen to it between now and its adoption.

• (1500)

When I was actively practising law I did a fair amount of work first in the field of radio communication and then in television broadcasting. Life, in terms of radio frequencies, was a little simpler in those days than it is now. It would be an

oversimplification for me to say that there was nothing to the Radio Act in those days except the allocation of frequencies by the CBC—licences for private broadcasters were granted by the CBC. Then the Board of Broadcast Governors was set up as a successor and was separated from the broadcasting entity in the sense that the CBC was a broadcaster and a regulator. All regulation was given to the BBG.

At that time, if you were applying for a licence before the Board of Broadcast Governors, you had to satisfy the Department of Transport that the frequency you were applying for did not conflict or interfere with other stations that had already been given their permission to broadcast. You dealt with A-contours and B-contours, and you always had an engineer looking after what is now the subject matter of this bill.

Even then life was complicated enough for those of us who were acting for owners, or, indeed, the owners themselves, who would never pretend to understand all the complications and technical aspects of radio communications.

There are some wonderful stories told. For example, the question of power was often thought to be not important. I remember when Jack Kent Cooke had CKEY in Toronto and it then was the number one station. As I recall, he had 5,000 watts. Jack Kent Cooke was often asked, "Why don't you increase it?" He was at 580, which was an excellent frequency. In AM broadcasting, the lower you are on the dial the better. It is true that 5,000 watts at 580 is probably the equivalent of 20,000 or 25,000 watts at, say, 1200.

The story goes that Jack Kent Cooke, although a most successful broadcaster, used to say, "What's a watt? Nobody knows whether they are listening to 5,000 watts or how many watts. What's the difference? They hear it or they don't hear." Meanwhile, Mr. Ryan, who had 580 in Ottawa, did not take such a cavalier approach to the importance of power and gradually moved 580 up to 50,000 watts. When Jack Kent Cooke wanted to sell CKEY to Westinghouse, and Westinghouse also thought a watt was worth something, he found that he could not increase it. Eventually, CKEY moved to 590 and had to spend quite a bit of money to do so. That is the sort of thing that went on in those days.

There is another important dimension that I think this bill might help, and that is the sharing of broadcasting frequencies in North America. In my opinion, and in the opinion of many of my associates and colleagues in those days, when it came to the allocation of continental frequencies, especially clear channels, we did not always get the best North American allocations when we dealt with the United States and Mexico. A clear channel is a frequency that is omnidirectional and covers a very large area. There is a channel 740 in Toronto, which belongs to the CBC. In those days the nearest 740 was, I think, in Texas. There was a time when the CBC decided to acquire all clear channels. At the present time, as far as I know, there are no clear channels in the hands of private broadcasters.

That is some background to this important bill, which was well explained by Senator Chaput-Rolland. I congratulate her for her presentation. I reread it yesterday and found it interesting, amusing, clear and helpful to us who have to deal with this legislation.

As Senator Chaput-Rolland pointed out, the original Radio Act was passed in 1938. Since then things have changed a good deal. The period I have been talking about, when I was more concerned with these things, would be the 1960s, and there had been changes from 1938 to the 1960s. Since then the use of radio frequencies has increased tremendously. I believe it is safe to say that up to the last ten or fifteen years most people thought of radio frequencies as broadcasting frequencies with some additional use of ham radio frequencies. That is not to say that that is all there was to it, but I think most people felt that that is what was involved in radio frequencies. Of course, television produces a sound, and that sound is an FM frequency. So that became something else that we were aware of. It seemed like a relatively simple field.

It is no longer a simple field, as Senator Chaput-Rolland pointed out in her intervention last week. The uses of radio have not only increased, but people's awareness of the broad uses of radio frequencies has expanded.

The Radio Act passed in 1938 was the subject matter of a most important constitutional law case that went to the Privy Council. The last important revision to the Radio Act was in 1948, 40 years ago. Senator Chaput-Rolland has pointed out some of the additional uses of radio and the need to protect consumers and others against interference and substandard products. The crossover between the uses is quite confusing. I heard a rather indelicate and, I am sure, apocryphal story of a man who had a successful operation for a pacemaker. According to the story, the only problem he had was that his neighbour's garage door opened whenever he and his wife made love—a bizarre exaggeration of how the uses of radio frequencies can interfere in unanticipated ways.

Senator Nurgitz: How often did the door open?

Senator Frith: That is why I insisted the story was probably apocryphal; names and addresses are withheld to protect the innocent.

Honourable senators, I believe that we should support this bill and its principle. We know that it passed very quickly—I believe in about an hour—with all parties' support in the other place. There was a time when some of us thought that that was a reason for the Senate to spend less time on the bill. The argument was that, if it passed quickly in the other place with all parties' support, it must be good legislation. That argument has lost its effectiveness over the years.

Senator Roblin: When you were over here you didn't mind it.

Senator Frith: I understand the point that Senator Roblin makes. I can go along with him to the extent of saying that I minded it less. I mind it a lot more now.

• (1510)

Speaking of signals, it has come to the point where, the minute I see that some legislation has passed the other place

quickly with all-party support, not only is it no longer a reason automatically to let it pass quickly but it has sometimes become a reason not to do so. In other words, it has come to me to be an alarm that the Senate should look at it more carefully.

Senator Doody: I must remember that for future reference.

Senator Frith: If you are thinking what I am thinking, I hope it comes soon that you will be worried in the opposite way.

I should add a sequel to an intervention that I made on an earlier occasion. That intervention was made when our newly minted chairman of the Standing Senate Committee on Transport and Communications, to which committee this bill would be sent, had established a list of witnesses and other things in advance about another piece of legislation. I criticized him for doing so and in the course of it mentioned that the practice of prestudy had been established by Senator Hayden and that we had come to find good reasons for allowing legislation to proceed in proper consecutive, rather than concurrent, form.

Senator Finlay MacDonald sent me a note stating that he was delighted to be compared to Salter Hayden, and saying, "prestudy may be dead, but preplanning lives."

Senator MacEachen: Preplanning?

Senator Frith: Preplanning. We now have a "prestudy" wolf in the sheep's clothing of "preplanning."

Again, Senator MacDonald sent out a memo some time ago. Yet here we are only now debating second reading. The memo went out on June 20, 1989, and was sent to the members of the committee. The first sentence states:

> This bill should give the committee little trouble.

Perhaps it will give the committee little trouble. But, honourable senators, the supportable objective of this bill is clearly to bring up to date, modernize and streamline the government's role in radio communications.

The objective is one that we can all support, but I believe Senator Chaput-Rolland agrees, and certainly a reading of her intervention implies that she agrees, that the changes are quite wideranging. For example, they represent quite important, although perhaps necessary, changes in the authority that is given to the Governor in Council, the minister, and to inspectors.

For example, a brand new enforcement device is ticketing. That is contained in clause 12 of the bill, which introduces a ticketing procedure for certain offences, designed to achieve more effective regulation by allowing an alternative to full prosecution for dealing with violation of the act or regulations.

I was impressed by what Senator Chaput-Rolland said in closing, and I agree with her. She said:

> This bill may seem unimportant to many, but that would be a grave misunderstanding. Because it is free of interference in its substance and in its essence, I hope honourable senators will adopt it.

It is an important bill, and it affects many people who do not, I suspect, know how they will be affected by it.

Honourable senators, to put it in simple terms, we should ensure: first, that it achieves all the objectives that we unanimously support and that are at the root of the principle of this bill; and, second, that it does not go further than it needs to in order to achieve that objective.

Therefore, we should send this bill to our ever-hungry-for-work Committee on Transport and Communications for study. If it is satisfied that it meets those two tests that I have described—namely, that it successfully, technically and effectively fulfils the objectives; and, second, while preventing radio interference, does not interfere more than is necessary with peoples' rights—then, after proper study by that committee, and in due course we should give it third reading and let it take effect.

Hon. Eymard G. Corbin: Honourable senators, I have a question for Senator Frith. If I understood his comments correctly, this legislation would apply to such items as, for example, portable telephones, which use the spectrum. Furthermore, if I understand him, this legislation will enable the enforcer—the federal agent as the case may be—to police the use of these portable telephones. There are millions of them in circulation currently and millions more in stock in the Radio Shacks of this world.

It is my understanding—especially in light of your last comments—that this legislation will give the power required to have these agents monitor all of the interference caused by these millions of telephones not only in North America but also right across the globe. How that would be done is beyond my comprehension. For example, would the legislation simply abolish these portable telephones, or would an army of bureaucrats be established to monitor their use? How in the world can this legislation deal with a problem like that?

I happen to have two portable telephones. They ring in the middle of the night when I do not want them to ring—when, in fact, no one calls me—and, when I want to use them, I get drowned out by static.

Senator Frith: It is like the garage door.

Senator Corbin: Will this legislation help that problem?

Senator MacDonald: Yes.

Senator Corbin: It will? Senator MacDonald says, "Yes."

What about the policing aspect of it? How in the world will you deal with a problem of that magnitude?

Senator Frith: I am satisfied that the objective of the legislation is to deal with exactly that kind of problem mostly by regulation.

Some of the problems that exist now, such as the ones that you have described, are part of the reason for this legislation. That is, there are in the present legislation too many limitations on the power of the minister and the Governor in Council to deal with some of these problems. That is the stated objective of this bill, and that is why I think it should go to committee. Senator Corbin's question is only one example of an area in which the government hopes to restore more order and claims to need the powers in this legislation in order to do

so. I imagine that most of the enforcement eventually will be based on regulations. Powers are given to make regulations in this legislation, and that is one of the things I hope the committee will ask about. Does the power to make regulations go further than it needs to? Secondly, should there be more limitation on the areas in which regulations can be passed, because it will be on these regulations that the enforcement Senator Corbin has talked about will depend.

• (1520)

Senator Corbin: I thank you, Senator Frith, for that reply. I hope the committee will, indeed, spend time questioning witnesses. Perhaps I can suggest that among the witnesses appearing before the committee should be the manufacturers of these transmitting and receiving devices, especially portable telephones, which are creating havoc.

My other concern, which I think I have expressed indirectly, is that there are, in stock rooms and on store shelves right across Canada and, indeed, right around the world, inventories worth hundreds of millions of dollars of these potentially disrupting devices. My question is: What happens to these people on the day that this legislation comes into force? Will there be an order to destroy such devices, or to cease selling them? I think Senator Frith is quite right in wanting an in-depth examination of the legislation, because regulation is fine; policing is also fine to a point, but it will impact on the individual who has one of these devices, and also on Canadian business as well as business abroad, because a lot of these devices are not manufactured here in Canada, but come to us from offshore.

Therefore, I am very pleased with the comment that the committee proposes to deal in depth with the legislation. I agree that the bill was not well examined in the House of Commons. It was given blanket approval, without any thought as to the precise impact on the rights of individuals to use that device or on the rights of the people who manufacture and sell such devices.

Hon. S. Chaput-Rolland: Honourable senators, I would like to add to Senator Frith's explanation to Senator Corbin that this bill looks into the quality of the manufacturing of telephones and all kinds of other things, instead of putting the onus all the time upon the consumer.

[*Translation*]

Manufacturers will henceforth be responsible for the quality of these devices. Such was not the case under our legislation. I think it is very important to emphasize that point.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Chaput-Rolland, bill referred to the Standing Senate Committee on Transport and Communications.

[Senator Frith.]

[*English*]

DEPARTMENT OF INDUSTRY, SCIENCE AND TECHNOLOGY BILL

SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-3, to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act, and to make consequential amendments to other acts.

He said: Honourable senators, Bill C-3 is an act to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act, and to make consequential amendments to other acts.

The Speech from the Throne opening the current session stated as an objective the building of a strong and fully competitive economy. The government intends to achieve that goal through action on many fronts, including responsible fiscal and monetary policy, deficit control through good management and spending restraint, and the strengthening of our international partnerships.

In particular, the government intends to encourage a strong and competitive economy through sound, innovative and forward-looking industrial strategies. It is to pursue such strategies that the creation of the Department of Industry, Science and Technology was announced. As the government's flagship economic department, ISTC is charged with ensuring our international competitiveness, primarily by bringing about a greater and more effective integration of our scientific, technological and industrial activities.

The role and responsibilities of ISTC were established after extensive consultations with the scientific, academic, industrial and government communities and are based on what our industries will need in order to become and remain competitive—by way of pure science; research and development; technology development; acquisition and application of new technologies; the pursuit of new strategic technologies; and better planning, smarter investment, management, innovation and domestic and foreign marketing.

ISTC will have a strong role within the government as industry's advocate on science and industrial issues and in coordinating the science and industry related activities of other federal departments, boards and agencies. A significant part of ISTC's science mandate is to concentrate on assisting industry through the use of science and technology to improve commercial competitiveness.

Science and technology go hand in hand with industrial development. Melding the Department of Regional Industrial Expansion and the Ministry of State for Science and Technology demonstrates the government's desire to forge links between science and the economy in order to help Canadian businesses meet the challenges of global markets.

At the same time the government's investments in scientific activity serve other objectives—namely, to advance knowledge and to protect the health and safety of the public. Giving prominence to these objectives will be a key job of the Minister

for Science, supported by the new department in advocating an appropriate level of support for basic research and for government scientific activity. As part of its new orientation, ISTC programs will focus on advocacy, services to our private sector clientele, and industrial and technological competitiveness, analysis and initiatives.

● (1530)

First, there are the technology related activities, and here the emphasis has been placed on strategic technologies—that is, technologies that will underpin future competitiveness across many industrial sectors—for example, biotechnology, information technology and advanced materials. Indeed, the Speech from the Throne emphasizes this approach as a key to future competitiveness. The department will also work with companies and industries to help ensure they have the know-how, the connections and the wherewithal to adopt "best practice" technology to their particular needs.

Second, there are industrial-sector competitiveness initiatives, whereby the department will work with selected industry sectors as well as other government departments and agencies to identify constraints and opportunities, define industry-wide needs, and put together, in cooperation with the industry, a package of policy, service and program activities that are fully integrated and complementary. This comprehensive approach will help to ensure the future strength of that industry in the marketplace.

Third, there is the wide range of business information and development services to support both large and small enterprises everywhere in Canada in maintaining a market position. For example, we have international trade centres in each of our regional offices which provide information on international market opportunities to Canadian businesses.

The new department will also have responsibilities for regional development programming in the provinces of Ontario and Quebec. The Department of Regional Industrial Expansion retained these responsibilities following the decentralization of regional development programming for Atlantic and western Canada to the Atlantic Canada Opportunities Agency and the Department of Western Economic Diversification.

ISTC is in the process of establishing a separate organizational structure within the new department to handle regional development responsibilities in Ontario and Quebec in order clearly to separate its national industry, science and technology role from its regional development activities. Native economic development programming, particularly ISTC activities under the new Canadian Aboriginal Economic Development Strategy, are also a responsibility of the new department.

The activities I have described constitute a comprehensive and rational approach to industrial, economic and scientific development today and for the future. It is an approach that has the support of the private sector, and one which I confidently commend to honourable senators.

Honourable senators, it will be my intention, at the conclusion of the debate on second reading, to refer the bill to the Standing Committee on Social Affairs, Science and Technology.

On motion of Senator Frith, for Senator Marsden, debate adjourned.

NON-SMOKERS' HEALTH ACT

BILL TO AMEND—SECOND READING

Hon. Ethel Cochrane moved the second reading of Bill C-27, to amend the Non-smokers' Health Act.

She said: Honourable senators, it gives me great pleasure to speak to you about the Non-smokers' Health Act. This is the second significant piece of federal legislation in two years dealing with tobacco use. In its original form, this legislation was debated along with the government's Tobacco Products Control Bill. Both received Royal Assent together a year ago.

Complementary though they are to one another, the latter has begun to take effect, while the Non-smokers' Health Act has had to undergo extensive revision. I am happy to be able to say, though, that the delay has proven helpful. It has given smokers more time to adapt to changing social attitudes and has resulted in much-improved legislation.

The revised Non-Smokers' Health Act now before us will do everything its sponsor originally intended. It will do so in ways that recognize the practicalities of the diverse situations in which both smokers and non-smokers find themselves in work places and on the various modes of transport throughout Canada. The problem addressed by this law is one that has stymied policy-makers for years. Only now, in the late 1980s, has it proved feasible to craft a sensible legislative approach to protection of employees and of the travelling public from unwanted exposure to tobacco smoke.

The scientific evidence that environmental tobacco smoke can harm the health of others and the realization that smoke is more than just a nuisance has been demonstrated only over the past decade. We now know that prolonged exposure to other peoples' tobacco smoke can make us sick and may contribute to a number of fatal diseases otherwise avoidable. This new perspective, along with a surging interest by Canadians in their own health and in their environment, has helped lead to a declining social acceptability of smoking, which is plainly evident. Government efforts to persuade Canadians that tobacco use is incompatible with good health have been meeting with measurable success. After decades of growth, fuelled by aggressive marketing, tobacco consumption in Canada has declined steadily since the early 1980s. Canadians have begun to see through the smoke-screen to discern healthier ways of living. The time has now come for a workable regulatory approach to prevent or reduce involuntary exposure to tobacco smoke at work and while travelling.

The Non-smokers' Health Act was originally a private member's initiative which garnered support from all members of the three parties—and, Senator Frith, the fact that the three parties did agree to it in a favourable way may have some bearing on your actions.

Senator Frith: Yes. It is not necessarily bad.

Senator Cochrane: This act has the distinction of being the first such legislation to benefit from new rules introduced by the government in the House of Commons. The bill was incomplete and flawed in its details, but the debate that led to its passage was an important signpost on the road to greater public awareness of environmental health. Its initial passage into law can be seen, in retrospect, as a statement of intent by legislators to take meaningful action in this difficult area.

Honourable senators, I believe the amended legislation now before us represents a significant cooperative achievement in the interests of public health. Officials of the government departments whose mandates are most affected by the bill have worked hard to ensure that the changes are true to the original policy intent. This has meant extensive interdepartmental discussion and further consultations with labour and management, smokers and non-smokers. As a result, this improved legislation enjoys the approval of all parties.

The amended bill will provide authority to establish a workable system of inspection and enforcement. It will take into consideration the inherent difficulty of regulating personal behaviour that has long been tolerated, but has come to be seen as inconsistent with health. Furthermore, there will be no requirement for anything elaborate or expensive. The control of smoking will be integrated into the other duties of officials charged with maintaining the safety and health of work and travel environments. With today's changed expectations in the workplace, the law will likely prove to be self-enforcing. However, a supplementary system allowing for ticketing will serve as a reminder that smoking in areas restricted by law will no longer be considered acceptable behaviour.

● (1540)

The positive impact of this law will be widely felt. The government banned smoking on short-haul flights in Canada in December 1987; within months the airlines had moved to extend the ban to all domestic and cross-border flights.

Federal public servants have enjoyed smoke-free offices since Treasury Board's initiative began to take effect at the beginning of this year. Already that example is being copied at the provincial level and shows signs of a widespread, beneficial, ripple effect.

With final passage of the Non-Smokers' Health Act, close to one million employees will benefit from legal protection against involuntary exposure to tobacco smoke in their workplaces. This includes crown corporations, like the CBC and Canada Post, as well as the full range of federally regulated industries, from trucking to banking.

The law will also apply here on Parliament Hill and will put some teeth into measures that have already been adopted in the precincts of the House of Commons. I would urge my fellow senators to put into place similar measures for the Senate before the new law comes into effect in another six months. I understand that our Clerk, Mr. Barnhart, has made a proposal to honourable senators and is awaiting their responses.

[Senator Cochrane.]

In keeping with the variety of different industries and locations, the act will provide some flexibility. Employers will have the option of providing separately vented smoking rooms where this may be the preferred alternative to a smoking ban.

The need for flexibility has been a keynote in reshaping the working details of the bill, as it will be in developing the regulations. Different workplaces and a variety of special roles and situations have to be taken into account, such as guards and prisoners in our correctional institutions; sites which are both work places and public places; work places associated with isolated living quarters; and requirements for the regular cleaning and maintenance of smoking areas. All these have to be considered in applying the principles of the bill.

In the area of transport similar flexibility is needed, since the legislation will apply to different modes of federally regulated transport as well as to their stations and terminals. The revised law will also take note of its own limitations, exempting those means of transport, like commuter trains, which do not fall within its jurisdiction. Some commuter services have already taken their own initiatives in this area.

Fellow senators, this legislation has required and has received a very thorough second look. Bill C-27, the revised Non-Smokers' Health Act, will prove to be a major advance in improving the quality of life for Canadians.

We Canadians, because of our climate, spend a lot of our time indoors. More and more of us realize that we do not wish to be subjected to harmful tobacco smoke pollution. While we can control the air space of our own homes, we, as individuals, cannot reasonably control the air space where we must work.

This bill provides for this necessary clearing of the air in those locations that fall within the scope of federal law. Canadians will now be able to breathe a little easier and a little freer. Ultimately, the Non-Smokers' Health Act will be the example that we may all want to follow at home and in the private sphere, where this law, quite properly, does not reach.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the fact that a bill received all-party support in the other place is not necessarily a sign of weakness in the legislation; it is just that it is not necessarily a sign of strength. However, in this case, as Senator Cochrane has pointed out, the legislation was widely supported in its original form and has been improved as a result of further study both in the government and in the House.

Honourable senators, Senator Haidasz was to be our spokesman on this bill, but he has been delayed. I know he is anxious to participate in any proceedings before the committee and that he had hoped to participate here today. My suggestion, honourable senators, is that we give this bill second reading now and refer it to the Standing Committee on Social Affairs, Science and Technology. Senator Haidasz can then participate at the committee stage and also at third reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Cochrane, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

JUDGES ACT

BILL TO AMEND—SECOND READING

Hon. Nathan Nurgitz moved the second reading of Bill C-30, to amend the Judges Act.

He said: Honourable senators, in the range of bills that may cause some difficulty in the eyes of Senator Frith, this is going to hit the bell. I am really worried about how many times his garage door will fly open. As I read the House of Commons *Hansard*, the discussion on this bill takes barely two pages, so I would suggest there was barely eight minutes' worth in terms of the three-party agreement. However, as Senator Frith has so wisely pointed out, that does not necessarily mean the bill is flawed, and I would suggest to honourable senators that it is not.

This is a bill to amend the Judges Act. It responds to the decisions taken by a number of provincial governments as well as by the Government of the Northwest Territories to increase the size of their superior courts and, in some cases, their county courts.

Over the past several years the demands on Canada's court system have increased significantly, and the workload of federally appointed judges all across the country has reflected this increased demand. This has resulted in some of the provinces and territories having to enlarge the size of their superior courts and, in those provinces that have them, the county and district courts as well.

Under our constitutional division of responsibilities between the two levels of government, the provinces have primary responsibility for the administration of justice, including the constitution, maintenance and organization of the courts. On the other hand, the Governor General, the federal authority, has the authority to appoint the judges of the superior, district and county courts and Parliament has the duty to fix and provide the salaries, allowances and pensions of those judges.

It is evident, honourable senators, that the administration of justice in Canada has important federal characteristics, since the courts do indeed, as the Supreme Court of Canada so well put it, "cross the dividing line in the federal-provincial scheme of division of jurisdiction."

Bill C-30, therefore, reflects the federal government's commitment to cooperate with the provinces and territories to improve the administration of justice in Canada.

Honourable senators, the Judges Act provides for a specific number of judicial positions for each section 96 court. The Judges Act also makes provision for a pool of 49 unassigned judicial positions so that in future, as provinces and territories increase the size of their courts, additional judges may be appointed between periodic amendments without waiting for passage of bills like this. Bill C-30 will add 35 judges to the specific authorized levels in six provinces and the Northwest Territories, in response to increases in the size of their courts that have occurred since 1985. The courts affected include provincial courts of appeal and trial courts at both the superior court level and the county court level.

Honourable senators, of the 35 positions which the six provinces and the Northwest Territories have created the Governor General has drawn on the pool provision in the Judges Act to make appointments to 21 of those positions since 1985. The previous bill as well had a pool that could be drawn on, so that as judges were required one did not have to wait for the enactment of a further amendment to the Judges Act. An additional 14 positions, therefore, would remain to be filled as a result of the amendments contained in this particular bill.

• (1550)

Bill C-30, consequently, will also replenish the Judges Act pool by re-enacting the relevant section to make contingent provision for future increases in the number of judicial appointments.

Another important aspect of Bill C-30 is that it will implement three more of the recommendations of the 1986 commission on judges' salaries and benefits which was established pursuant to the Judges Act, and which is commonly referred to as the Guthrie commission, after its chairman, Mr. Donald Guthrie, Q.C., a prominent lawyer from Toronto. The report and recommendations of the Guthrie commission were tabled in the House of Commons by the Honourable Ray Hnatyshyn on March 11, 1987. The three non-salary related recommendations of the Guthrie commission to be implemented by this bill are: an increase in the judges' incidental allowance; the provision of a removal allowance to cover the moving expenses of retiring judges, or of the survivors of judges, of the three courts established by the federal Parliament pursuant to section 101 of the Constitution Act; and the provision in statute form for lump-sum payments to the surviving spouses of judges who die in office.

Briefly, on those three points, honourable senators, in 1981 the Judges Act was amended to provide, with retroactive effect to 1979, an accountable, annual allowance for judges in the amount of $1,000, separate from salary, for what the bill calls "reasonable incidental expenditures" that are fit and proper for the execution of the office of a judge. This incidental allowance applies against the cost, for example, of repair and replacement of court attire, the purchase of law books and periodicals, membership in legal and judicial organizations and other similar expenses not recoverable under any other provision of the Judges Act.

The inadequacy of the present allowance of $1,000, which has not been changed in ten years, and the effects of inflation have resulted in the $1,000 maximum being exhausted, or even exceeded, by many judges. For example, the cost of judicial robes alone in the first year in office could exhaust the full $1,000. Similarly, the purchase of legal texts required by a judge, particularly one who is sitting in an outlying judicial

centre where the courthouse library may be less than adequate, could quickly consume a significant portion of the current $1,000 allowance.

Honourable senators, Bill C-30 addresses the inadequacy of the present incidental allowance by providing an increase in the allowance to $2,500, as recommended by the Guthrie commission. I am sure you will agree that this is a modest increase in view of the length of time that the current maximum limit has been in effect and of the importance of the items which the allowance is intended to cover.

Bill C-30 will extend to retiring judges of the Supreme Court of Canada, the Federal Court of Canada and the Tax Court of Canada, as well as to the surviving family members of judges of those courts who die in office, the benefit of a removal allowance to cover moving expenses to facilitate their relocation outside the National Capital region. So we are talking about someone who is required to move here by taking on an appointment to one of those three courts and who, upon retirement, would like to move back to the place from whence he or she came, or whose surviving family members would like to move back upon the death of the judge. A similar situation has been provided for for senators, which pays for the removal of a deceased senator's belongings back to his region. It was discussed, in fact, just last week at the Internal Economy Committee of the Senate.

In order to qualify for this allowance the judge must have been resident outside the National Capital region before his or her appointment to the court in question. Furthermore, I might point out to honourable senators that, because of a situation we had here, this is only payable in the event of an application being made within two years of either the death or retirement of a particular member of the court.

The removal allowance which was recommended by the Guthrie commission, and which is currently provided only to judges in the Yukon and the Northwest Territories, will alleviate possible hardship for any judge who does not want to remain in the National Capital region after retirement, or, in the case of the family, after the judge's death.

Honourable senators, currently, when a judge dies in office, a lump sum gratuity equal to one-sixth of the judge's annual salary at the time of death is paid to a surviving spouse, pursuant to Treasury Board minutes that date back to 1965. All that Bill C-30 does is to enact that and make it a statutory requirement to pay exactly that one-sixth.

Finally, honourable senators, Bill C-30 will increase from $4,000 to $6,000 the northern allowance provided to judges of the Yukon and Northwest Territories' supreme courts to compensate for the excessively higher cost of living in the territories.

Honourable senators, there are at present over 800 men and women serving Canada on federally appointed benches. These judges sit on the county and district courts which now exist in British Columbia, Ontario and Nova Scotia; the superior courts, trial and appeal, in all of the provinces and territories; and, under section 101 of the Constitution, the Tax Court of Canada, the Federal Court of Canada and the Supreme Court of Canada. Their role, as many have observed, has been enhanced since the coming into force of the Charter of Rights and Freedoms. They have been entrusted with the responsibility of ensuring the rights and freedoms of all Canadians and of adjudicating the many intricate legal problems that our complex society thrusts at them. They do this with dedication, while working under increasing work loads involving matters of tremendous importance with an ever greater degree of difficulty.

Honourable senators, Bill C-30 will help to spread that work load, albeit to a small degree. The bill also enhances certain benefits for judges and their survivors to a modest degree. In a word, it is a modest bill to which I ask honourable senators to give their ready approval. I might add, as I mentioned at the outset, that this bill received somewhat hasty but good approval of all three parties in the House of Commons. It was passed quickly, but not too quickly. I would suggest, honourable senators, since there is a meeting later today of the Standing Senate Committee on Legal and Constitutional Affairs, that the committee could give some consideration to this bill if it were referred to it.

Hon. Charles Turner: Honourable senators, may I ask Senator Nurgitz a question? If a judge of a supreme court is appointed as an arbitrator, a mediator or a commissioner, does he draw pay from both jobs?

Senator Nurgitz: My understanding is that an amendment that was passed certainly within the last six or seven years forbids payment for the second job. Not even a provincial government can pay a federally appointed judge for doing extra work on arbitrations, royal commissions and the like. So my understanding is that there is no extra pay whatever.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as Senator Nurgitz has pointed out, this bill deals with judges, as is obvious from its title. I suppose it would be fair to say that lawyers certainly do not rank in the top ten of the most popular professions in this or perhaps any other community. I think judges are generally forgiven a bit for the fact that they were once lawyers, but I do think that—

Hon. David Walker: That may have been meant to be funny, but you are as stupid as usual!

Senator Frith: And the same to you, sir! I think there is a great mutuality of a form of respect between myself and Senator Walker.

Senator Walker: I hope you don't think I overdo the respect.

Senator Frith: No. I do not think we overdo the respect for each other at all. We manage to keep it under control—and at about the same level, sir!

As Senator Nurgitz has pointed out, one of the elements of this bill is the question of the increase in the number of judges, and I think there is no doubt that a committee can find out the justification for that quite quickly. Then there are the three non-salary elements from the Guthrie commission. He has told us what they are. Many senators may want a more complete

explanation of the reason for the existence of these incidental benefits, as well as the reason for their increase. That should easily be determined by the committee also from the Guthrie Report, and no doubt we can get some material on the territories' increase, which was not a part of the Guthrie report, as I recall—at least, I don't think it was.

• (1600)

In any event, I imagine that the material that would answer questions that honourable senators, understandably, have regarding this bill is available to the committee. I think this is a bill that is eminently suitable to go forthwith to committee for study. I recommend that honourable senators support the bill at second reading and also support Senator Nurgitz's motion to have the bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*Translation*]

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Roch Bolduc moved the second reading of Bill C-17, to amend the Customs Tariff.

He said: Honourable senators, Bill C-17 provides for a limited number of tariff changes advocated by the private sector. Most of them are designed to reduce or do away with duties payable on a wide range of products.

[*English*]

Of the products affected by these amendments none is made in Canada, so no Canadian manufacturer will be hurt by the changes.

[*Translation*]

The other place gave swift passage to this measure and I would suggest we do the same.

Honourable senators, for a number of years the Canadian government has been amending the Customs Tariff when the annual budget is tabled, and this in response to representations made by Canadian companies and individuals seeking tariff changes which call for parliamentary intervention. The bill before us today is in keeping with the tradition.

[*English*]

I should add that tariff amendments of this kind are only proposed when there are compelling reasons for taking actions, such as eliminating anomalies or inequities in the tariff structure or providing needed relief to manufacturers in their efforts to compete on a viable basis in the Canadian market.

[*Translation*]

The bill also provides for substituting legislative provisions for a number of remission orders under which various products come in duty free. This change will enable Parliament to review these relief measures and guarantee that manufacturers will benefit from tariff relief.

I should like to draw the attention of honourable senators to two other provisions of the bill. The first relates to the prorogation, until June 30, 1990, of the power of the Governor in Council to re-instate tariffs in force before the harmonized system. This prorogation will make it possible for the Canadian business sector to assess the impact of tariff changes, and for the government to take appropriate measures when these changes have a negative economic impact on the industry.

The bill is also aimed at extending indefinitely the ban on imports of pornographic, hate or seditious material so that it will not be legally allowed into Canada.

In short, honourable senators, the bill contains a limited number of Customs Tariff amendments which are all important to Canadian businessmen and individuals. I therefore urge my colleagues to pass the bill without delay.

On motion of Senator Buckwold, debate adjourned.

[*English*]

NATIONAL DEFENCE

MOTION FOR RECONSIDERATION OF DECISION TO CLOSE CFB SUMMERSIDE, P.E.I.—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator McElman:

That in view of the national commitment to serve the development of Canada's regions and the role of the national defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only national defence base in Prince Edward Island, that is Canadian Forces Base, Summerside, and calls upon the Government of Canada to reconsider this decision.—(*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, the motion introduced by the Honourable Senator Bonnell is very unusual. It is very unusual because it is a motion in the wrong house, at the wrong time, and moved by the wrong individual.

An Hon. Senator: Other than that?

Senator Phillips: The budget, as the honourable senator is well aware, is the responsibility of the House of Commons. The non-elected do not share in the imposition of taxation, and for that reason we do not deal with the budget, except for the tax bills which are introduced following the adoption of the budget by the House of Commons.

It is the wrong time because the House of Commons has already approved the budget. There were six full days of debate—

Senator Frith: It still may be good. Just because they approved it does not mean there may not be merit in it anyway.

Senator Phillips: There is lots of merit in the budget.

Senator Frith: In spite of the fact that the House of Commons agrees?

Senator Nurgitz: They did not do it quickly.

Senator Phillips: I am sure that as time goes on Senator Frith will see more merit in it.

Senator Frith: I doubt that!

Senator Phillips: While the budget is before the House of Commons it is subject to amendment. It is traditional in the House of Commons that amendments be moved during the budget debate. Indeed, amendments were moved to the budget. The Liberals proposed an amendment, as did the NDP, but neither amendment contained any reference to the closing of military bases, including the one located at Summerside, Prince Edward Island. I suspect there was very good reason for that. Those drafting the amendment for the Liberal Party realized that it is necessary to cut back expenditures, and one of the departments selected was the Department of National Defence. After six days' debate there was no mention of military bases in the Liberal amendment.

As I said, this motion was put in the wrong house, at the wrong time, and by the wrong individual. The individuals moving a motion of this nature should have been the honourable member for Egmont, seconded by the honourable member for Malpeque. Instead, for some reason they let the matter go by for six days and waited for Senator Bonnell to introduce his motion in the wrong house at the wrong time.

● (1610)

Honourable senators, it could have been that they were too busy participating in the provincial election and did not have time to deal with the matter in the house. In all fairness, I want to say that the honourable Liberal members from P.E.I. did ask questions in Question Period, and got a certain amount of publicity out of that, and they issued press releases to flatter their own egos. The opportunity to amend the budget and delete the closure of bases was not taken by any Liberal member from P.E.I. or from any other province, and I would ask everyone to bear that in mind.

My association with CFB Summerside goes back a long way. I had the good fortune to be the member of Parliament for Prince Edward Island in 1957, when the base was expanded to accommodate the Argus antisubmarine aircraft. I now recall the criticism that I received at that time—which is what I call the pre-Litton syndrome—that we were going to destroy Summerside and the island. Apparently, that was not the case, because now we find a great deal of disappointment and concern over the closure of the base. Situations do change. The age of the aircraft and the advanced technology developed for antisubmarine detection has taken the Argus squadron out of service.

Another situation that has changed drastically is the national debt and the interest payments. The national debt, as honourable senators know, has increased to $320 billion, and is increasing at the rate of $80 million a day; so interest payments now consume one-third of the tax dollar.

The premier of P.E.I. in particular says that Prince Edward Island has been ill-treated by the Mulroney government. Honourable senators, I would like to place on record some of the benefits P.E.I. has received from the Mulroney government, and I thank the Honourable Senator Bonnell for introducing his motion because it gives me an excellent opportunity to do so. The Province of Prince Edward Island will receive $188 million in equalization payments this year, which is not an insignificant sum. There have been further allocations to EPF programs, including health and education, of $98 million and to the Canada Assistance Plan of $24 million, which makes a total of $292 million in direct transfers to the provincial government. This works out, honourable senators, to $2,270 per capita.

The honourable senator, in moving his motion, suggested that a base could be closed in Quebec instead, which left the impression that Quebec receives everything. Honourable senators, I would point out that the Province of Quebec receives $1,522 per capita as compared to Prince Edward Island's $2,270.

The situation regarding transfers to the province should include the dramatic increases provided by the Mulroney government. If we use as a base year 1984-85, which was the last year of the Trudeau government—and it was the best year—we will find that the transfers have increased from $207 million to $292 million, which is hardly a case of neglect. Since the Mulroney government came into office the province has received $240 million more than it would have under the base plan established by the Trudeau government. Again I say that that is the kind of neglect that Islanders appreciate.

The story does not end there. I mention these things because the Grits, when they are talking about Summerside, say that the whole province is going to collapse. I would like to mention a few of the other benefits that have been attributed to P.E.I. You will recall, Senator Bonnell, that Premier Ghiz reminded everyone in P.E.I. that they were going to lose their old age pension. Well, we have had free trade since December, and this year 16,000 Islanders will receive $95 million in old age security.

Senator Marshall: And you are 65 now.

Senator Phillips: Yes, I am 65 now. I am very conscious of that for that reason. The Canada Pension Plan will contribute $30 million to the island economy.

Senator Frith: Minus the clawback!

Senator Phillips: Further allocations include family allowances, $16 million; child tax credit, $13 million; unemployment insurance, $115 million; and war veterans pensions and allowances, $19 million. In addition, the Department of Veterans Affairs has its headquarters in Charlottetown and will spend another $50 million in the province. The Department of Agriculture will spend $48.2 million in Prince Edward Island this coming year. The Province of P.E.I., by comparison, will

spend $20.7 million, which is less than half of what the federal government will spend on the Department of Agriculture.

Regarding the ERDA agreements, there is a subagreement on oilseeds and grains which will contribute $11.5 million to the province's economy. Canada Mortgage and Housing will spend $2.7 million in subsidies this year for veterans' homes and low-rental housing. The Secretary of State, including the assistance in second language training, will spend $1.8 million. For Senator Bonnell's benefit, I should add that this figure does not include the $5 million being provided for the French language school and French centre in Charlottetown. The Department of Finance, purely for administration, will spend $2 million in the province. The Department of Justice will spend $2.5 million, and Supply and Services will spend $14.1 million in the province also. Since the Mulroney government came into office the job strategy program has provided $69.5 million to Prince Edward Island.

• (1620)

Honourable senators, we often hear that Prince Edward Island has no mines or resources, but I have been informed by the Department of Energy, Mines and Resources that it has contributed $44.6 million to the various programs in Prince Edward Island, including assistance in electricity costs. The Atlantic Canada Opportunity Agency has, so far, expended $40 million on Prince Edward Island—not an insignificant sum; the Department of National Defence, $45 million; Transport Canada will contribute $6.6 million and the Department of Public Works, $44.9 million. The deficit assumed by the federal government on the operation of the CN car ferry will be $25.3 million this year.

I should say, honourable senators, that the list is incomplete. I asked my researcher to obtain the information on short notice, but that was following Senator Bonnell's interesting remarks. He ran into a problem in that Saint Jean-Baptiste day occurred, which was a holiday in the public service. Then, yesterday, because of the heat in Ottawa, many of the public servants were given a day off. So my list is by no means complete.

But if we added the transfers and the expenditures by the federal government, we would have a total figure of $992.9 million, or almost $1 billion, being spent for 128,000 people. And, honourable senators, that is really not "neglect."

I am sure that Senator Bonnell will want to explain those figures to his fellow Islanders. Perhaps I will spend a little more time doing that too. I hope he will explain to them that it is not neglect and that, in spite of all of these contributions, the premier and every other Grit on P.E.I. enjoys kicking the Prime Minister and the federal government around. Honourable senators, occasionally I get the idea that they are a bunch of ingrates. I would like to say that a little more strongly, but I do not think parliamentary rules would permit me to do so.

Honourable senators, Senator Bonnell is a nice fellow and I am sure he will cooperate with me. I noted that the recent session of the Prince Edward Island legislature was very short—a three-day session—and opened with a throne speech saying that the Province of Prince Edward Island recognized the need to reduce the debt and the deficit. The next question is: Where would you reduce the budget, Senator Bonnell? What payment to P.E.I. would you eliminate or cut back? Would you cut back on the $292 million in transfers? That is one-half of the provincial budget. Or would you rather take it out of the $95 million paid in old age security?

I should point out for the benefit of other honourable senators that it costs the Department of National Defence $45 million per year to maintain the base at Summerside. So I am asking Senator Bonnell where he would recover that $45 million and maintain all of the other programs. Would he rather take it out of the $24 million that is paid through the Canada Assistance Plan, or perhaps the transfers for health and education programs? Senator Bonnell has such a wide option that I know he will want to take his time and think this over. I do not expect an immediate response—he can tell us in the near future.

Senator Bonnell: I will tell you today.

Senator Phillips: You will.

Senator Bosa: Those are national benefits, are they not?

Senator Phillips: Yes, that is right. If you took these all across the country you would realize just how generous the Mulroney government is to the provinces.

Senator Bosa: Why are you speaking only of P.E.I., then?

Senator Phillips: That is what is dealt with in this motion.

Hon. John B. Stewart: May I ask the honourable senator a question at this point?

Senator Phillips: Certainly.

Senator Stewart: Senator Phillips has mentioned various programs such as the Canada Pension Plan, old age security pensions and so on under which benefits are paid to residents of Prince Edward Island. Most of the payments that he has mentioned eventuated from standard national or regional programs. Yet what he is saying seems to imply that somehow or other Prince Edward Island is being treated with an especially generous hand.

Senator Bonnell: A special status.

Senator Stewart: Is that what he intends to convey to the Senate? Is that what he is saying?

Senator Phillips: No, honourable senators, I am putting on record the facts. Senators may decide what they want to infer from them; I will decide what I want to convey by them, but the facts will be there. And something that some honourable senators do not put on record too often is facts. So senators have now had their questions and I will move on.

Senator Stewart: But we have had no answers.

Senator Phillips: You have had your answer too.

Honourable senators, Prince Edward Island has a dairy industry, and that industry, as is the case all across Canada, receives considerable subsidies. Is the premier suggesting that

we retain CFB Summerside and its cost of $45 million in exchange for the dairy subsidy?

Senator Bonnell is acting as the surrogate for Premier Ghiz in this chamber, and I find nothing wrong with that idea. Senator Bonnell is an able individual—in fact, on the Liberal side he is certainly the most able individual that the premier could get in Ottawa. However, this confers upon Senator Bonnell special responsibility: he has to convey to this chamber the cutbacks that the premier would prefer, instead of closing CFB Summerside.

When the budget was announced and the closure of CFB Summerside was included in it, the premier started out on a very strange tactic. First, he called a provincial election one and a half years early, and the main issue of it was the closure of CFB Summerside. He then set up a task force with two objects in mind: first, a study of the economic impacts of the closure of Summerside; second, a search for alternative uses for the base at Summerside. I cooperated with the task force, obtained information, set up meetings in Ottawa—in fact, in late May, just before the provincial election, my office arranged a meeting with the task force with 19 different officials from various departments, to whom the task force presented the economic impact study that it had completed. Senator Bonnell was elsewhere while that was being done. I assume he did not know about Summerside at that time and has since found out about it. That is quite all right, Senator Bonnell. We appreciate your interest, even though it is belated.

● (1630)

The second phase of the task force report regarding alternative use was presented to the premier. He sat on it and allowed no one to see it. Despite the fact that I cooperated with the task force in every way I could, I cannot get a copy of it. That makes it very awkward to deal with the future of Summerside. I would ask my honourable friend to go back to the premier of P.E.I. and ask him to read the report and get moving on it. If he did that, I would have a great deal more respect for him than I have now. I should say that I do have a great deal of respect for the honourable senator.

Since the election the premier has been indifferent to CFB Summerside. He has had time to attend a meeting of the maritime premiers; he has had time to attend a meeting of the governors of the New England states at Montebello. I doubt very much if CFB Summerside was discussed while the premier was in the hot tub at Montebello.

Recently some people have reminded the premier that he received a mandate to deal with CFB Summerside. His reaction was that you cannot expect a premier of a province to deal with something like that. He looked at his cabinet ministers, but very few of them were in P.E.I. They were in Ottawa attempting to get more money for road construction; they were attempting to get the ERDA agreements renewed; they were attempting to obtain further assistance for the high electrical costs in P.E.I. The premier could not spare any of them. So he said, "Leave that to Senator Bonnell."

[Senator Phillips.]

Two months following the announcement, during which time there was an election campaign, Summerside received the services of Senator Bonnell. They are very able services, but he is in the wrong house at the wrong time and with the wrong party.

Senator Bonnell, in his remarks, followed the party line that Summerside is going to die and P.E.I. is going to collapse because it will be losing $45 million out of $1 billion. Summerside is going to hurt for one or two years, until we find an alternative use. No one denies that. However, Senator Bonnell, being a physician, will realize that the affliction is not fatal or terminal. Summerside will recover and Summerside will live. I do not think he is doing the town any great service by continuing with this attitude.

Some Hon. Senators: Hear, hear!

Senator Phillips: Senator Bonnell tends to exaggerate in his speeches. In fact, he exaggerates in everything except his income tax, when his attitude changes.

Senator Frith: Unlike the speaker, who, of course, underestimates everything.

Senator Phillips: That is right. I am very conservative. Senator Bonnell exaggerated when he said that the Prince Edward Island tourist industry was going to suffer because people come to P.E.I. to visit relatives and see the base at Summerside.

Honourable senators, last year the site of the Anne of Green Gables farm in the national park in P.E.I. received 75,000 Japanese visitors. I don't think any of them came to see the base at Summerside.

Senator Bonnell is concerned about the loss to provincial revenues. I am rather surprised that he has brought that up. The provincial government headed by James Lee had arranged with the Mulroney government to locate a Litton plant in Charlottetown. This plant would be manufacturing sights for an antiaircraft device to be used by our forces in Europe. When the Ghiz government came into power they immediately abandoned the plant, because a plant manufacturing war devices did not fit in with the P.E.I. way or lifestyle. It seems odd to me that a plant manufacturing an antiaircraft sight does not fit in with the P.E.I. way of life but an antisubmarine squadron and base is absolutely essential to P.E.I. There is a certain hypocrisy there that I find difficult to accept.

I would ask Senator Bonnell to take this message back to the premier. The loss in provincial revenues from CFB Summerside will be less than what he lost when he kicked out Litton and its associated industries.

Summerside is the centre of an area with a population of approximately 20,000 people. It is the service centre for an agricultural and fishing area. It has shopping centres, clothing stores, automobile agencies, and all the other things that go with a service centre. I am not convinced that Summerside, because of the loss of 750 military personnel and their dependants, is going to fold up and die.

I should like to go back a few years to when the fishing industry in the maritimes had to consolidate and close a

number of plants. The government of the day appointed a royal commission headed by Michael Kirby, now Senator Kirby, a member of this chamber. That commission recognized that certain towns would be hurt by the closure of their fish plant. In these towns often the fish plant was the only source of income. They did not have a rural area supporting it, as Summerside does. Senator Kirby received great praise from the Liberal senators, in particular, for saying that the matter of these small towns is an economic one, not one for the fishing industry, and that the future of these towns would become the responsibility of the provincial government. The federal government, if it wished, could help.

• (1640)

The Department of National Defence, as in the case of the fishing industry, is consolidating and closing down various departments, and states that it has no military use for Summerside. Recently the new chief of staff, when testifying before the Special Committee of the Senate on National Defence, stated that it would cost an additional $331 million to refit the "Argus" to keep those aircraft flying. It is obviously an economic matter when the future of Summerside is considered by the Department of National Defence.

Other one-industry towns have experienced situations similar to Summerside—and here I am thinking of mining towns that have had a mine closed. In those situations the province moved in to help that community.

In this case Premier Ghiz has not offered a thing to Summerside, except Senator Bonnell. He has an obligation to do better than that. He is supposed to have a department of industry which has been planning new industry to replace the Litton plant. It has been planning for three and a half years. Senator Bonnell, why not come out with some of those industries now? What a boost it would give to the morale in Summerside if Premier Ghiz were to announce over the weekend that he has two industries for Summerside, each employing 100 people. What a boost that would give to the morale of the people. You would then not have to go around saying that the town will die.

Some Hon. Senators: Hear, hear!

Senator Phillips: Will you encourage Premier Ghiz to assume his provincial responsibility? He is fond of reminding us that P.E.I. is a province; he is the premier. Sometimes he reminds me of a young teenager who insists on being treated like an adult but is unwilling to assume the responsibility of adulthood. Premier Ghiz wants to be treated as a premier. He wants to say that he heads the government, but he does not want to take any responsibility. He always says, "Leave it to the feds."

There may be a reason for that. I don't think the premier has any self-confidence or faith in his own ability because, when any problem comes up, he immediately turns and says, "Ottawa should do it." He obviously suffers from lack of self-confidence. The cabinet ministers are the same. They holler to Ottawa when they encounter a problem. Apparently they have no faith in the premier either, or the members of the legislature would be calling on the premier to help out in Summerside.

There is one particular action of the Liberals in P.E.I. which I want to refer to briefly. Last week the newly elected member of the legislature for Summerside, Mr. McEwen, attended a meeting of the Summerside chamber of commerce. He introduced a motion calling on the Ghiz government to withdraw its support for Meech Lake unless the federal government agreed to keep CFB Summerside open.

An Hon. Senator: Shame!

Senator Phillips: Blackmail in any form is ugly, Mr. Premier. I hope you will take that message back to Premier Ghiz, Senator Bonnell.

Senator Frith: Including the blackmail of the Prime Minister as to what will happen if they do not pass the Meech Lake Accord. Would you include that as one of the forms that are reprehensible?

Senator Phillips: Senator Frith, Senator Bonnell does not need your assistance. He is much more intelligent and much more able than you. He needs my assistance, and if you just keep quiet I will provide it to him.

Senator Frith: I did not say it to assist him; I said it to disassist you!

Senator Nurgitz: He doesn't need any assistance.

Senator Phillips: The action of Mr. McEwen could have been considered that of a political neophyte. But it was not the action of a political neophyte, because Mr. McEwen was president of the Prince Edward Island Liberal Association. He has also been their campaign manager federally and provincially for the last four or five elections. I find it impossible to believe that Mr. McEwen acted without the knowledge and approval of Premier Ghiz.

Last weekend, on P.E.I., a friend made an interesting observation about Premier Ghiz's attitude. I will briefly pass it on to the Senate.

As Senator Bonnell knows, Premier Ghiz has aspirations for the national leadership.

Senator Bonnell: For which party?

Senator Phillips: He apparently believes that if he can keep complications going with the Prime Minister, and go out on a cross-Canada tour complaining about the Prime Minister's treatment of "small town" Canada, he can win the Liberal leadership.

That may be a good move politically for the premier, but it is not helping Summerside. That is what both Senator Bonnell and I are concerned with.

Honourable senators, in coming to the last part of my remarks I wish to make an appeal to Senator Bonnell. We have had a long, friendly association, and we have worked together and cooperated in the past. I will ask Senator Bonnell to work with me. Since we cannot get the report of the task force dealing with an alternative use of the base at Summerside, I will ask for the able assistance of Senator Bonnell in

developing one. We will have to work without the consultants provided to the premier and all the public civil servants, but I am sure that, between the two of us, we will do very well.

● (1650)

I discussed with the task force one suggestion for the future of Summerside. As honourable senators are aware, it is becoming increasingly apparent that Canada will have to conduct more aerial surveillance of the fishing industry both off Newfoundland and, in particular, beyond the 200-mile limit. I also made the suggestion that environmental surveys will become more important as the new Minister of the Environment places greater emphasis on the protection of the environment. With this in mind, I suggested that Canada modify and adapt Dash-8 aircraft for this purpose. These aircraft, possibly six in number, could be located at Summerside, together with the three aircraft that are presently there with the search and rescue squadron. Such work would, I think, allow a future for Summerside. Possibly these matters may be contained in the task force report; I do not know. However I am sure that Senator Bonnell would support both of these suggestions.

Honourable senators, it is proposed that various government agencies be moved around the country. Perhaps we could have another agency replace CFB Summerside. ACOA, at the present time, is carrying out a study to find alternatives for CFB Summerside, and I know that Senator Bonnell works very closely with ACOA, as we all do. We all appreciate the benefits that ACOA has provided to the provinces.

Honourable senators, if all else fails, it is my suggestion that the town of Summerside should have a look at the base as an industrial site. Also, I intend to make the proposal that a special fund be established for attracting industries to CFB Summerside. I would suggest the establishment of a $40 million fund. Some honourable senators may think that that is high. However, I would point out that the province very quickly absorbed the $40 million from ACOA. To me, this demonstrates the need for a fund.

Honourable senators, I have some concern with the fact that ACOA is doing all of the searching for alternatives for CFB Summerside. Perhaps we should have a separate group of citizens performing that task. I am thinking of Islanders who have been chairmen of various corporations over the years and are now retired. I can think of two or three off the top of my head; I am sure Senator Bonnell can do the same, and perhaps Senators Macquarrie and Rossiter also have people in mind who could perform this task.

Further, I would suggest that the $40 million fund be made up of $20 million from the provincial government and $20 million from the federal government, and that the fund be under the administration of a board composed of two members appointed by the province and two members appointed by the federal government, together with a chairman. The mayor of Summerside, Mayor Stewart, and his council are very dedicated individuals. I suggest that the mayor and his council appoint the chairman. I am sure that Senator Bonnell will support me in that.

[Senator Phillips.]

Honourable senators, various cabinet ministers within the government have offered their assistance. I am thinking of Elmer MacKay, the head of ACOA, the Honourable Barbara McDougall and Senator Lowell Murray, the Leader of the Government in the Senate. These ministers have all volunteered their assistance and I think we should be in a position to take up that offer.

For that reason, honourable senators, I move, seconded by the Honourable Senator Macquarrie, that the motion be amended by deleting all the words after the word "regions" in line 2 thereof and substituting the following therefor:

> and recognizing the importance of the national budgetary position in addressing that commitment, the Senate recommends that the Government of Canada and the Government of the Province of Prince Edward Island cooperate in developing sound economic alternatives to Canadian Forces Base Summerside.

Some Hon. Senators: Hear, hear!

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

POINT OF ORDER

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I rise on a point of order. I do not have a copy of the amendment and therefore I am somewhat limited in my ability to judge its contents. However, as I heard it read, it seemed to me to be a new proposition which ought to be dealt with separately—in other words, to be put on the order paper as a separate item rather than in the form of an amendment which substitutes that new proposition. It is my contention that this new proposition totally takes away the original proposition and replaces it with a new one.

Hon. Orville H. Phillips: Honourable senators, on the point raised by the Honourable Senator MacEachen, I disagree that my amendment is raising a new element in the debate.

Senator MacEachen: Perhaps we could have a copy of the amendment before we debate further.

Senator Phillips: The purpose of the motion was to assist CFB Summerside, in the same way as was the motion proposed by Senator Bonnell. I am sure he did not move his motion for any other purpose. Therefore, the motion is, in my view, in order.

Honourable senators, I should like to point out that there is one special advantage to this amendment which Senator MacEachen may be interested in. On the night of the federal election the media asked Premier Ghiz how negotiations would take place with the federal government, since the island had elected four Liberals, Premier Ghiz replied that that would be no problem. He said that he was a negotiator; he would negotiate with the federal government. Honourable senators, this amendment to the motion gives the Premier of Prince Edward Island the opportunity to prove that he is a great negotiator. I would therefore ask you to adopt the amendment.

• (1700)

Hon. Henry D. Hicks: Your Honour, I wish to speak to the main motion. Do you wish to dispose of the amendment first?

The Hon. the Speaker *pro tempore:* We must deal with the amendment first, so I will hear argument as to whether or not the motion is in order.

Hon. John B. Stewart: Honourable senators, I suggest that the amendment proposed by Senator Phillips is not in order. The proposition we are asked to accept by Senator Bonnell's motion is that "the Senate disagrees with the decision of the Government of Canada," and so on. Senator Phillip's proposal would set aside completely the subject of Senator Bonnell's motion, namely, "the decision of the government." It is not an amendment. Senator Phillips is attempting to supplant Senator Bonnell's motion. As Senator MacEachen has said, he can make a new beginning. That option is open to him and there is a procedure by which he can do so. However, he cannot knock out the proposal now before the Senate by an amendment which simply supplants that proposal. If the honourable senator does not like Senator Bonnell's motion, he can vote against it and start his own motion on a separate track, but he cannot take over Senator Bonnell's motion by an amendment, which changes the subject.

Hon. Duff Roblin: Honourable senators, I rise on the point of order. I must say that I am inclined to think that the motion is entirely in order. The first motion, which is on the order paper, has to do in substance with the future of Summerside. That is the essence of it, the future of Summerside and what is to be done about it. The amendment also deals with that same general topic, the future of Summerside and what is to be done about it. The fact that these kinds of amendments are contemplated is clearly outlined in *Beauchesne's*, Fifth Edition, section 425, which reads as follows:

> The object of an amendment may be either to modify a question in such a way as to increase its acceptability or to present to the House a different proposition as an alternative to the original which must, however, be relevant to the subject of the questions.

Senator MacEachen: Isn't that referring to a second reading amendment?

Senator Roblin: It is dealing with amendments generally. I put it to the house that, if that section of *Beauchesne's* applies to this amendment, as I believe it does, it seems to me the amendment is clearly within the rules, as it deals with the same subject. In my opinion, it increases the acceptability of the original motion, which is one of the criteria expressed here, and it presents "to the House a different proposition as an alternative to the original." Surely that is exactly what this motion does. So on that basis it seems to me that there are reasonable grounds for thinking that the amendment is not out of order and that it should be accepted by the house. There are other rules here with respect to amendments that have a certain applicability to what we have in front of us, but it seems to me that the citation I have just placed before you is most apropos and pertains most directly to the matter before us.

Hon. M. Lorne Bonnell: Honourable senators, I rise on the point of order. My motion deals with national defence policy. The motion deals with that policy when it says:

> That in view of the national commitment to serve the development of Canada's regions and the role of the National Defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada . . .

It is the national defence spending policy of the government as a whole with which we disagree, in that by their actions they are not looking after the disparity of the regions. It is not only Prince Edward Island or not only Summerside. It is the national policy I am talking about.

Senator Roblin: You didn't say that the other day.

Senator Bonnell: I gave Summerside as an example. By the motion in amendment you are changing the whole thing and, as far as I am concerned, it is out of order.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I think that Senator Bonnell is mistaken in trying to explain that his motion is only intended to criticize the national defence budget as it affects such a commitment. He wants to criticize it in connection with the closure of the Canadian Forces Base in Prince Edward Island. He is not criticizing the whole national defence policy and budget.

Since you made a negative motion, Senator Bonnell, the motion by Senator Phillips in no way changes the substance of your motion. You say that the Government of Canada must be censured. In his amendment, Senator Phillips is telling you that instead of that, other ways will be found to help Canadian Forces Base Summerside economically.

The amendment moved by Senator Phillips is completely in order. You made a negative motion and Senator Phillips made a positive motion saying that instead of criticizing the government for its national defence policy, we will offer economic solutions for the closure of the Summerside base.

I think that the amendment is completely in order and must be accepted.

[*English*]

Senator Bonnell: Honourable senators, the national defence policy that is being changed here has to do with the fact that the government is closing out the only national defence base in a province. If they took out every defence base in Ontario, every defence base in Quebec, or every defence base in Nova Scotia, then it would fit, but they closed all National Defence bases in Prince Edward Island. That is the policy of the government that the Senate is criticizing.

Senator Simard: And you don't want to do anything about it, anything constructive!

The Hon. the Speaker *pro tempore:* If there are no other views on the point of order, I shall take the question under advisement and report back to the Senate at a later date.

Senator Hicks: Your Honour, may we continue the debate on the main motion, or is that matter suspended until the matter of the amendment is disposed of?

The Hon. the Speaker *pro tempore:* We must dispose of the amendment before we can proceed with the main motion, unless the Senate gives leave.

Senator Hicks: I am not asking for leave.

Hon. Philippe Deane Gigantès: Honourable senators, I wonder if Senator Phillips would allow me to ask him a factual question.

Senator Phillips: Yes.

Senator Gigantès: If I did not misunderstand the honourable senator, he said during his speech that during the election campaign in Prince Edward Island Premier Ghiz told electors that if the Free Trade Agreement passed they would lose their old age pensions. I would be most grateful, sir, if you would ask your researcher to give me a clipping.

Senator Phillips: Honourable senators, I will be delighted to oblige the honourable senator, and I will do better than that. If he would care to visit P.E.I. as a tourist, with or without CFB Summerside, I will be glad to introduce him to thousands of senior citizens who were told that.

Senator Gigantès: I will come, sir, but I have no Japanese relatives at CFB Summerside.

Speaker's ruling on point of order reserved.

● (1710)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the sixteenth report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Banking, Trade and Commerce) presented on Thursday, June 22, 1989.

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

SEVENTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the seventeenth report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Social Affairs, Science and Technology) presented on Thursday, June 22, 1989.

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

SCRUTINY OF REGULATIONS

THIRD REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report of the Standing Joint Committee for the Scrutiny of Regulations (Section 4 of the *Seals Act*) presented on Thursday, June 22, 1989.

[The Hon. the Speaker.]

Hon. Michel Cogger: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fifteenth report of the Standing Committee on Internal Economy, Budgets and Administration (recording employees' attendance), presented on Wednesday, June 21, 1989.

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

[*Translation*]

LEBANON

CURRENT SITUATION—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator De Bané, P.C., calling the attention of the Senate to the situation in Lebanon.—(*Honourable Senator Asselin, P.C.*).

Hon. Martial Asselin: Honourable senators, although it is getting rather late, I would like to take a few minutes to speak to the inquiry of Senator De Bané, calling our attention to the situation in Lebanon.

I was impressed by the eloquence of Senator De Bané's speech in this Chamber on the difficult situation in Lebanon today. While Senator De Bané was speaking, I thought about the fact that for several days, we had been talking a great deal about the events in China and especially the massacre of the students whose demands for democracy were brutally repressed by the political authorities.

I mused about the fact that recent events on the international scene have an enormous impact and that we talk about them a lot. In doing so, we often forget other events that are just as important and especially what is happening today in Lebanon.

A civil was has been raging in Lebanon for nearly 15 years. We tend to forget that Lebanon is in a very precarious situation. There is no political will to find a solution to the problems confronting Lebanon. The country is squeezed between two powers. There is Syria, which has always considered Lebanon as part of its national territory and there is Israel which intervenes to protect its buffer zones and thus prevent incursions by Palestinians into its territory.

The parties involved, the Druse, Shiites and Christians, all have their own leaders who hold opposing religious views. Lebanon has become the scene of kidnappings with Iran as an accessory. Every week, any number of Lebanese are killed by bombs, fires and all kinds of atrocities.

We know that Lebanon has not known democracy for 15 years. I am somewhat familiar with the situation because the vice-president of the International Association of Francophone Parliamentarians, Mr. Babikian, who joined us in Dakar when we were there, had to leave his country in a military helicopter to be able to attend the Francophone Summit that was being held in Dakar.

Senator De Bané referred to a resolution adopted in Dakar by the Heads of State during the Francophone Summit. At that time there was also a meeting of the League of Arab States, and the delegates in Dakar had high hopes for that meeting. At the meeting, the Arab states discussed various issues but lacked the political will to condemn the atrocities perpetrated by the Syrians and especially their intervention in a country that seems to have become an extension of Syria.

Three referees were appointed: the Presidents of Morocco, Saudi Arabia and Algeria, with a mandate to find a way to negotiate a cease-fire and resolve the conflict.

The Francophone Summit, chaired by the president of the host country which also has domestic problems, wanted to reaffirm the resolve of francophone countries to help the Lebanese overcome their problems.

The resolution on Lebanon was sponsored, as Senator De Bané said, by the Prime Minister of Canada. At the Summit, Mr. Mulroney acquired a lot of credibility, and in my view he has become one of the leading figures of these francophone summits. It was absolutely necessary to make the francophone world aware of the problems facing Lebanon in the area of education, in its cultural, educational and technical institutions, problems that it is hard-pressed to overcome. I think the heads of state at the Francophone Summit are to be commended for insisting on adopting this resolution which will help or encourage the Lebanese in their struggle for freedom.

There are a number of other things Canada could do to help the Lebanese. I am told that hundreds of Lebanese want to immigrate to Canada and that they are having some problems.

The Immigration Act was amended to accommodate the boat people. We set aside certain provisions of the Act to make it possible for these people to enter Canada. I think we should do the same for the Lebanese.

Honourable senators, I fully endorse what was said by Senator De Bané with respect to the Francophone Summit in Dakar and in support of the resolution by the Heads of State. The resolution is an extension of the one adopted by the Francophone Summit in Quebec City. It dealt mainly with:

> ... extending the solidarity fund created by the Quebec Summit for rebuilding cultural, educational, technical and hospital institutions in Lebanon and calls on Member States to contribute to this solidarity fund.

The heads of state at the Francophone Summit agreed to support a solidarity fund, to try and help the Lebanese rebuild their cultural, educational and technical institutions.

I think we should strongly support the resolution adopted by the heads of state. I would like to see the resolution adopted by both Houses of Parliament and not just by the Senate, since the Parliament of Canada consists of the House of Commons and the Senate. When Senator Haidasz presents his motion to have the Senate adopt the resolution by the heads of state at the Francophone Summit, I will move an amendment, asking the House of Commons to join the Senate in supporting a resolution that I feel might help or at least encourage the Lebanese to overcome their problems.

Honourable senators, I want to congratulate Senator De Bané for having raised this important issue. We have tremendous sympathy for Lebanon, and we hope that a political solution can be imposed as soon as possible.

I hope that the resolution will draw the attention of the entire world to the major problems being experienced by the Lebanese today.

Thank you, honourable senators.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

● (1720)

[*English*]

AIR CANADA

EFFECTS OF WITHDRAWAL OF SERVICE FROM STEPHENVILLE, NEWFOUNDLAND—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989.—(*Honourable Senator Bonnell*).

Hon. M. Lorne Bonnell: Honourable senators, I do not intend to talk long about this, except to say that the service has also been withdrawn from Prince Edward Island so that now, in order to get from Ottawa to Charlottetown, since the direct flight has been discontinued, you have to go to Halifax and then, after a stopover, continue on to Charlottetown. Because of deregulation Stephenville, Charlottetown and other places in Canada find that Air Canada has withdrawn its services or given us second class service. Since, as of June 17, this has already happened in Stephenville, Newfoundland, and in Charlottetown, Prince Edward Island, I should like to move that this inquiry be referred to the Standing Senate Committee on Transport and Communications so it can look into Air Canada and into deregulation during the summer or during the fall and that it report back to the Senate before December 31, 1989.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

Hon. Royce Frith (Deputy Leader of the Opposition): Your Honour, as I understand it, Senator Bonnell has moved that this inquiry be referred to the Standing Senate Committee on Transport and Communications.

Hon. Henry D. Hicks: It is not an inquiry; it is on the Orders of the Day.

Senator Frith: But it is an inquiry. It is certainly an inquiry.

Hon. C. William Doody (Deputy Leader of the Government): It is an inquiry of Senator Marshall's.

The Hon. the Speaker: It is moved by the Honourable Senator Bonnell, seconded by the Honourable Senator Olson, that this matter be referred to the Standing Senate Committee on Transport and Communications and that it report back by December 31, 1989.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Doody: In view of the fact that we do not have a copy of that motion and have not had a chance to study it, I suggest we take the adjournment at this point and look at it tomorrow.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

On motion of Senator Doody, debate adjourned.

[*Translation*]

NATIONAL HEALTH PROGRAM

MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY PROBLEMS IN SHORT-TERM CARE HOSPITALS AND INSTITUTIONS—DEBATE ADJOURNED

Hon. Paul David, pursuant to notice of Wednesday, June 21, 1989, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to undertake a preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada; and

That the Committee present its report no later than March 31, 1990.

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

[*English*]

Some Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Well, let us hear about it.

Hon. M. Lorne Bonnell: If Senator David is going to debate the motion, that is fine. If not, I will take the adjournment.

The Hon. the Speaker: I believe Senator David wishes to speak.

[*Translation*]

Senator David: Honourable senators, if Senator Bonnell wanted to adjourn this motion for another day, I wonder why he did not do so when I discussed this subject last May, during my inquiry on health care in Canada. All senators could have debated this inquiry. I presented a notice of motion and a motion so that we could begin looking into the technology of this research as soon as possible during July and August. It seems to me that it would be desirable for us to pass this motion with full knowledge, unless Senator Bonnell has very serious objections. It just repeats what I already said in this house two months ago. All senators who spoke on this inquiry supported the idea of this research project and of referring it to the Social Affairs, Science and Technology Committeee.

I wonder if in an ultimate effort of reconciliation, Senator Bonnell would allow me to have this motion passed today so that the necessary research budget could be presented to the Internal Economy, Budgets and Administration Committee tomorrow and so that I can start the work under the committee's direction. Especially since Senator Bonnell is a member of the Social Affairs, Science and Technology Committee and he could speak on, modify or improve any presentation that I might make next fall when we will present a very structured plan of what we intend to do starting in the fall.

• (1730)

[*English*]

Senator Bonnell: Honourable senators, I see nothing wrong with what Senator David has said. However, I should like to have some time to discuss this matter and inform honourable senators of what an important issue this is. At the same time I should like to clarify the situation. Order No. 13 states:

> Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on demographic evolution in Canada; its causes and consequences.

That is a very broad study and one that could go on for two or three years. Senator David and I have talked about that and he has perhaps agreed to drop this inquiry.

Senator David: On a question of privilege. I am wondering if the honourable senator is not confusing order No. 13 with motion No. 2. The motion deals only with health problems, especially to restrain a little the wideness of the problem as to acute care hospitals in Canada.

Senator Bonnell: Motion No. 3 is more refined and deals with short-term care hospitals. It states:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to undertake a preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada; and
>
> That the Committee present its report no later than March 31, 1990.

I am not sure if that means active treatment hospitals or chronic treatment hospitals. I do not know what short-term care hospitals are. We do not use that term in my province. We have active treatment hospitals, chronic hospitals, homes for special care, senior citizens' housing and perhaps overnight beds in nursing homes. But to study short-term care hospitals and institutions does not seem to cover the field as broadly as I would like to have it covered, and that is why I want to speak on this matter.

Some years ago—let me say approximately in 1971—Canada's senior citizens stood at 5 per cent of the population. Today that figure is 11 per cent. By the year 2031 that figure will be 22 per cent.

Today, with only 11 per cent of our population being senior citizens, approximately 35 per cent of our active treatment hospital beds are taken up by senior citizens. Their stay in our hospitals is at least twice as long, and in some cases three times as long, as the average stay for those who are not senior citizens. With the growing increase in the number of senior citizens in this country—with the baby boomers now becoming senior citizens—and because people live longer, I say that we need more chronic care hospitals. We need more homes for special care. We need a national program to look after the senior citizens of this country, whether that means keeping them at home as much as we can, because many senior citizens prefer that, or means having more chronic care hospitals.

As far as I am concerned, the study should include active treatment hospitals, chronic treatment hospitals, homes for special care, and perhaps community care facilities in which there is some kind of supervision.

I do not want to get involved in the whole National Health Program, because that would be too long a study, but I do want to have a study respecting senior citizens, active treatment hospitals, chronic treatment hospitals, homes for special care and other types of medical and hospital care for our senior citizens. I would like to curtail the study to senior citizens and the types of hospital care they need. I am not sure what the honourable senator means by "short-term care hospitals."

If we could broaden the terms of reference to include that, I would be prepared to let the motion pass today. If Senator David would allow me to amend the motion by changing the words "short-term care hospitals" to "active treatment hospitals" and to add the words "chronic hospitals and homes for special care," I would be prepared to let the motion pass today; otherwise I will adjourn the debate.

Hon. Duff Roblin: Honourable senators, may I ask a question for clarification? I think we have already had before us the resolution dealing with the demographic changes that are going on in the country. My understanding is that the study respecting demographic changes zeroes in on the question of the aging of the population. I don't know if that is what Senator David had in mind when he proposed that resolution, but it seems to me that the resolution deals with the point my honourable friend has just been making.

I would ask for clarification of this point, because it seems to me that there is a little confusion—certainly in my mind—as to the resolution respecting demographics, which I think is aimed at the aging of the population, and the resolution before us now respecting short-term care hospitals. Granted they are related; in fact, one could say they are closely related; but what has been represented to us is two distinct approaches to the problem.

[*Translation*]

Senator David: Honourable Senators, I do not want to extend this debate indefinitely.

[*English*]

To my mind, honourable senators, chronic care patients occupy from 10 to 20 per cent of the beds in what we call short-term care hospitals. That is one of the aspects that will be studied, as far as I am concerned, because we will not be able to avoid studying precisely what Senator Bonnell has mentioned respecting chronic care beds and the beds that are in active hospitals, but which are used for older patients. Senator Bonnell can be assured that that aspect will be studied seriously. I accept his amendment so that he can sleep better tonight. I gladly accept that Senator Bonnell improves my motion by including convalescent hospitals for the aged. As far as I am concerned, they are all part of the same picture.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators have managed what appears to be not a particuarly difficult task, but I am thoroughly confused on this matter at this point.

My understanding was—and I stand to be corrected on this—that various members of the Senate interested in this picture had discussed the possibility of a study and had agreed to narrow it down to a specific subject at this time because they felt it was too big a chunk of the whole health care system to try to tackle in one operation. It would be a huge project involving a lot of money and a lot of resources. It was agreed among various senators, after some discussion, that this relatively small study, as described by Senator David in his motion, would be entered into.

• (1740)

Senator Bonnell has proposed that it be expanded to include another area and Senator David has agreed to do that. Now I am afraid that someone else with particular health interest—

Senator Bonnell: Pass the motion.

Senator Doody: —is going to propose it again. Right now, if Senator David agrees with Senator Bonnell, the study will not be the study that we had informally agreed to undertake. I am not in a position to agree on our side that an expanded study is acceptable at this particular time. If Senator Bonnell will let the original motion go, I think we will have it under way. When that particular "chunk," as I heard it referred to, is finished, perhaps we can look at the area in which he has shown a great interest at this time, if it is not already covered, as Senator Roblin said, under the other inquiry or motion.

Under these circumstances, therefore, either we go along with Senator David's original proposal or else we stand the motion for further study.

Senator Bonnell: Honourable senators, Senator David has agreed to my amendment. Senator Doody, for some reason or other, wants new amendments in order to have more study.

Senator Marsden: No.

Senator Bonnell: I don't understand what he wants.

Senator Doody: Would you like me to have another run at it, senator?

Senator Bonnell: Honourable senators, we have acutely ill people who are in general hospitals or active treatment hospitals that cost from $300 to $500 a day; if you do not have an alternative, you cannot take these people out of the active hospital and put them on the street. There must be some kind of chronic hospital which you can move them to; so you cannot study one without the other. You have to have a package whereby you can look after these people who are sick, but you cannot make a policy recommendation to any government that you turn 15 per cent of these senior citizens out on the street because those beds are needed for active treatment. We want to have a policy and a recommendation whereby we can say what we need is to make a certain hospital a chronic care hospital, without all of the active treatment nurses, CAT scans, and extra equipment.

Without a package that will put the study together we cannot have a study at all, because we cannot make any recommendations to do anything with it. Therefore, I will move the adjournment of the debate and bring forward more details tomorrow, if honourable senators do not want to accept my motion.

Senator Roblin: I should like to ask Senator Bonnell if this resolution takes care of his problem. It says:

> . . . to undertake a preliminary study of problems encountered in short-term care hospitals and institutions . . .

Incidentally, I think the French expression "de soins de courte durée" should be translated as "acute" rather than "short-term" in English. But it seems to me that that encompasses his problem, which would be a short-term study of the problems. The question of bed space and of what to do with people who have no place else to go is part of the acute care problem in the country. I do not think the resolution needs any amendment. It is clear in its own terms. It enables the committee to deal with the point that concerns Senator Bonnell, because what do you do with the long-term people who are caught in these acute care beds?

I think this resolution stands on its own merits. I understand it, and I hope that some of my colleagues do and will agree to support it.

Hon. Lorna Marsden: Honourable senators, it might be useful to bring to your attention the fact that Senator David's original inquiry had been very broad in the area of health care; and the Standing Senate Committee on Social Affairs, Science and Technology, knowing that it has a general interest in the area of health care, invited Senator David to narrow his subject to the point where a study could be done and completed within a reasonable period of time. There was considerable discussion on this in the Standing Senate Committee on Social Affairs, Science and Technology, both in the steering committee and in the committee of the whole. There was a general feeling within the meeting that the subject matter in this motion—and I think it also encompasses the concerns of Senator Bonnell—would be the best place to start this process.

I draw to your attention that in his motion Senator David has talked about a preliminary study. It seems to me that the concerns Senator Bonnell and various other senators in this chamber have raised from time to time over the last few months with respect to health care will be brought to bear in this preliminary study. Furthermore, although Senator David has narrowed the field in his motion, ultimately, I hope, we will arrive at a longer series of topics in the field of health care.

Senator Bonnell's issues are well taken. They are certainly very important, but I think that they are encompassed by this motion, and his intervention in the debate today will certainly influence the study that is undertaken this summer, which will be considered in the fall.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, with your leave, I would like to put a question to Senator David. As far as the substance or the merits of the proposal are concerned, I have no objections.

However, could Senator David give us some idea of the cost of this study? It is my impression that at the present time, the committee does not have the funds to carry out this type of study. What would the study's scope be? Will there be any travel involved? Will the committee be meeting at various locations in Canada? Will the witnesses be heard here in Ottawa? I imagine you intend to call witnesses and you will of course pay their expenses. I think my question is relevant.

Senator Frith and Senator Doody will remember that quite recently we were told it was all right to refer this question to a committee for study. However, I would first like to have a pretty good idea of the cost involved in this kind of study. Senator David, are you in a position to tell us that today?

The Senate Committee on Internal Economy, Budgets and Administration will have to decide. A sub-committee will have to examine your request. At the present time we have approved over 60 per cent of committee budgets. We don't have much money left for our other customers.

Senator David: Senator Corbin, I have not had a chance to present the budget I intend to submit to the chairman of the Committee on Social Affairs, Science and Technology. However, I did receive our budget after general inquiries, and I believe that between now and March 31, we should be able to conduct a study, preliminary but nevertheless substantial, for the total sum of $36,000.

Senator Corbin: Honourable senators, as far as I am concerned, that seems quite reasonable.

Senator David: Honourable senators, as Senator Marsden explained, by restricting our mandate I think we should be able to do a thorough job of collating data for an amount which I consider to be fairly low. We will be seconded by a number of competent individuals whom I will try to supervise to the best of my ability.

I am sure, Senator Bonnell, that in a second study or even during our initial study we will have to consider the aspects you mentioned. Not necessarily to make recommendations but

to demonstrate to what extent hospitalizing the aged or chronically ill in active treatment hospitals is harmful to patients who are on waiting lists or have to wait on stretchers in the hallways.

With the unanimous or almost unanimous consent of committee members, we should be able to start the study within two weeks. I feel so strongly about this because I believe there really is an urgent problem in short-term care hospitals.

[*English*]

Hon. Henry D. Hicks: Honourable senators, I hesitate to inject another voice into this debate, but it seems perfectly clear to me that there has been no proper reconciliation of order No. 13 and motion No. 3. Surely all honourable senators would be able to evaluate this proposal more accurately if Senators David and Bonnell could reconcile order No. 13 and motion No. 3. I am certainly not going to support setting up two committees with overlapping responsibilities, which I think would be the result if we acceded both to order No. 13 and to motion No. 3. Why couldn't the two distinguished and erudite medical doctors get together and bring us a proposal that all of us could understand, so that we would be able to entertain an inquiry to accomplish what we wanted to do without overlapping or duplication?

Senator Bosa: Hear, hear!

Senator David: I am sorry, honourable senators—

Senator Doody: Excuse me, Senator David, but I wonder if honourable senators will agree not to look at the clock for a while so that we can get on with this. We do not want to come back at eight this evening if we can possibly avoid it.

Senator Bonnell: Honourable senators, I moved the adjournment of this debate and I did not think it was debatable.

Senator Frith: Oh, yes, it is.

Senator Bonnell: At any rate, we are debating it.

Seantor David and I agree—we agree that all we have to do is not to refer order No. 13 to the committee at all—that is just an inquiry. What we must do is refer motion No. 3 to committee. Order No. 13, is just an inquiry; it can be debated and that will be the end of it. I think we are in agreement on this.

We only have one motion before us, and that is motion No. 3. All I want to do is to make that clear. I have found that a Senate committee cannot study anything unless there has been a reference to it by the Senate, and, when reference is made by the Senate, the committee can only study what the Senate has referred to it. It cannot start studying something else.

What the Senate is trying to refer to committee here is a study of "short-term care hospitals." All I want to do is change the term "short-term care" to "active care hospitals" and "chronic care hospitals." By inserting those two terms one will know which hospital it is—one providing active treatment or one providing chronic treatment. Senator David and I agree—it is Senator Doody, the great physician from Newfoundland, who does not agree.

Some Hon. Senators: Oh, Oh!

Senator Doody: Honourable senators, if we are now establishing some sort of set of rules whereby only medical doctors are allowed to participate in debates, we shall have to have some very serious debate on that as well. This is the first time an attempt has been made to set up a class system in this chamber in the ten years I have been here.

Having said that, however, I go back to where I started a few minutes ago, and that is that agreement was reached, presumably, by the members of the committee on which Senator Bonnell serves, to ask the authority of the Senate to allow the committee to undertake a certain study. That agreement was reached outside this chamber. Subsequently, the subject was raised in the chamber and one of the members of the committee asked that the reference be changed to include what, to me, appears to be a wider area of interest.

I do not think I am prepared, as I said before, speaking on behalf of this side of the house, to allow the expansion of the terms of reference that were originally agreed to. If honourable senators agree that there is no expansion of those terms, that there is no intent to widen the scope of this reference, then that is a different matter. I have not been assured of that to date.

Senator Bonnell: Honourable senators, if that question is directed to me—

Senator Doody: I am looking in your direction.

Senator Bonnell: —I can give honourable senators the assurance that I intend to keep the scope of the terms of reference very narrow, concerned with active treatment or chronic treatment for senior citizens. I shall try to bring in a short report on that.

Senator Doody: That is where the honourable senator loses me, because there is no mention of senior citizens or the study of the health care of senior citizens in this particular motion. This seems to be an acute care study. If the Honourable Senator Bonnell assures us that there is no way in which a committee can study acute care systems without going into a much wider study involving an examination of the senior citizen health care situation in this country, then I think that we have to have another look at it. I do not think that the $36,000 mentioned here a while ago envisaged a study of the health care system of the senior citizens of this country. Perhaps I am wrong. If I am, then I am willing to be reassured.

Senator Hicks: I think you are right. I don't think it does, either.

The Hon. the Speaker: Honourable senators, there is a motion on the floor, moved by Senator David. I remind Senator Bonnell that he has not worded his motion in amendment, if he still wishes to do so. If not, we will proceed with Senator David's motion. I should like to know if it is the pleasure of honourable senators to adopt that motion.

Senator Bonnell: I move the adjournment of the debate.

On motion of Senator Bonnell, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 362*)

ADDRESS

OF

HIS EXCELLENCY CHAIM HERZOG

PRESIDENT OF ISRAEL

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

ON

TUESDAY, JUNE 27, 1989

[*Translation*]

The President was welcomed by the Right Honourable Brian Mulroney, Prime Minister of Canada and thanked by the Honourable Guy Charbonneau, Speaker of the Senate and the Honourable John A. Fraser, Speaker of the House of Commons.

Mr. Speaker: The Right Honourable the Prime Minister.

Some Hon. Members: Hear, hear!

[*English*]

Right Hon. Brian Mulroney (Prime Minister): Mr. President, that was the kind of warm welcome that I receive every day in the House of Commons.

[*Translation*]

Members of the Senate, of the House of Commons, distinguished guests, dear friends.

[*English*]

We are gathered here today to mark the first address to the Parliament of Canada by the Head of State or the Head of the Government of Israel.

We mark as well the first state visit to Canada by a President of Israel.

On behalf of all Canadians, Mr. President, I tell you simply: welcome, you are among friends.

Some Hon. Members: Hear, hear!

Mr. Mulroney: Your ties to our country predate the foundation of the State of Israel.

You were a brother-in-arms to thousands of our fellow citizens who, in history's darkest hour, risked—and, in all too many cases, sacrificed—their lives to defeat the Nazi terror.

The British unit in which you served, from the beaches of Normandy until V-E Day, was attached to the First Canadian Army.

The wreath you will be laying this afternoon at our National War Memorial is therefore an especially moving expression of our personal and national solidarity. Canadians remember that threat to our freedom. And we will never forget the diabolical attempt to exterminate the Jewish people.

The Holocaust is burnt indelibly into our souls, as it must live on in the minds of our youngest children—and then, theirs—so that it can never be forgotten.

You pursued your destiny, Mr. President, in an era that brought about the birth and consolidation of the State of Israel.

[*Translation*]

Canada played a part in that process by participating in the United Nations Commission that proposed the partition of Palestine, by voting for Israel's membership in the UN and by contributing to the Middle East peacekeeping forces in the hope of stabilizing the region and of bringing peace to your country.

Most of all, in the daring and difficult period of Israel's infancy, when your nation needed friends—true friends—Canada was there. Canada was there over 40 years ago and our friendship and support remain with you today.

[*English*]

The bonds between Israel and Canada are numerous and deep.

Like Canada, Israel is a land of immigrants which has become a home to a host of courageous spirits from around the world. Canada owes a great deal to the contribution of its Jewish community, whose members have distinguished themselves in an outstanding manner.

I can tell you, Mr. President, that there is hardly a dimension of our national life—from the arts, research, to medicine, the humanities, commerce, politics, to labour, and the law—that has not been improved and enriched because of the dynamic presence of a large and impressive Jewish community in Canada.

Jewish immigrants have laboured and sacrificed and have dreamt great dreams for their children—and on this continent so far away, their fondest hopes of freedom and tolerance, of fairness and opportunity have come true. May I tell you, Mr. President, on behalf of all Canadians, that Canada is an incomparably better nation because of their presence.

Canadians understand the aspirations that have shaped Israeli society from its origins. Canada and Israel share a fundamental commitment to liberty, through respect for individual rights and responsibilities. Common human values and democratic principles lie at the root of everything that unites us.

In all the world, there are few Parliaments as open, as democratic, and as fractious as the Knesset—although this House of Commons comes dangerously close on occasion. Too often for my liking, Mr. President. To listen to the raucous debates in the Israeli Parliament is to hear the pure and persuasive sounds of freedom.

And in all the world, there are few parallels to match the astonishing feat of Israel coming alive, of deserts being made to bloom, of a nation being bound together, in the shadow of hostility and in the agony of war.

The values on which Israel was founded, and which have been tempered in the fire of her national experience, have never been tested more than at this moment. Canadians are deeply concerned because of their friendship for Israel and because of their profound conviction that human rights must be respected.

Indeed, Mr. President, as you so eloquently stated, some three years ago, and I quote:

> Israel must be the absolute denial of the theories of discrimination and racism, the loss of human dignity and the negation of man's honour.

The death of a child—Israeli or Palestinian—is an overwhelming human tragedy. Forbearance and restraint—even in the face of intense provocation—are the hallmarks of a strong and a confident nation. Canadians who understand and sympathize with Israel urge nonetheless moderation and reasonableness, in the belief that ultimately such a policy will bring about an equally responsible attitude on the other side.

The name of Israel resounds in human history with the promise of liberation. Mr. President, I can tell you on behalf of all Canadians that you can be assured of Canada's unswerving commitment to the security of Israel and to its status as a legitimate and independent state.

[*Translation*]

Canada is more anxious than ever to help create in your region a peace based on the security, well-being and legitimate rights of the people of Israel and her Arab neighbours.

[*English*]

Since the UN Security Council passed Resolution 242 in 1967, Canada has been working in the Middle East to promote a peace based on territorial accommodation, so that in exchange for occupied territories, Israel's legitimate rights will be recognized by its neighbours.

[*Translation*]

We have continually insisted that the Palestinians and the arab countries recognize, unequivocally, Israel's right to exist. We have been encouraged by events in recent months which demonstrates this essential pre-condition is being met.

Our conviction is that recognition and respect for Israel's rights is the essential counterpart for the Palestinians realizing their own legitimate rights, including the right to participate fully in the determination of their own destiny and the future of the West Bank and the Gaza Strip.

We are pleased by the growing acceptance of this principle throughout your region. In this respect, we consider it significant that the Israeli Government has proposed holding elections in which the Palestinian people would be able to make their views known clearly, elections that could be a step on the way to breaking the cycle of violence and leading to a just and durable peace.

[*English*]

The creation of the State of Israel is one of the epochal events of this century. For Canadians, Israel is not simply a place on the map. Israel is a tribute to the deep spiritual beliefs and the unfailing personal courage of a remarkable people.

Israel is a monument to the indomitable spirit of man.

Chers amis, colleagues, it is with great pride that I present to you the President of Israel whom I now invite to address the Parliament and the people of Canada.

Some Hon. Members: Hear, hear!

His Excellency Chaim Herzog (President of Israel): Mr. Prime Minister, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Honourable Senators and Members of the House of Commons, Distinguished Members of the Diplomatic Corps, Ladies and Gentlemen.

I thank you, Mr. Prime Minister, for your very kind personal remarks about me. As I heard you, I recalled the comment of the late President Lyndon Johnson on a similar occasion. He said: "My father would have been pleased. My mother would have believed it."

You, Mr. Prime Minister, have been a tried and trusted friend of our people and of our country over the years. As a statesman of world stature and as the Leader of this great country, you are highly respected in our country as elsewhere, and I look forward to your comments and observations on the current situation with great interest.

It is my privilege to reiterate publicly our invitation to you to come to our area and to honour us with your presence in Israel.

[*Translation*]

You understand how moving it is for the President of Israel, a people with thousands of years of history and a young democracy reborn, after centuries of struggle and prayer, to have the privilege today to address your illustrious assembly, which is witness to the most exciting aspect of the free world.

I am very touched on this first presidential state visit in the annals of Israel–Canada relations by the honour these two Houses have granted my people, with all it means in terms of dreams, accomplishments and hopes.

[*English*]

As a fellow democracy, we are proud of the fact that despite five wars, despite the defence and economic burden which it has borne since its inception, Israel has never compromised on the issue of its basic values. Like you, we have never known one minute without democracy. Our democracy faces the most involved challenges—a constant state of readiness, long military and reserve service, and the complex problems arising out of the refusal of our neighbours to enter into negotiations for peace with us, and to understand that we do have the right to live in the area and in our country.

Too often are our problems viewed facilely out of the context of all that is happening around us in the Middle East. In this decade the longest war in this century has been waged in the Persian Gulf—a brutal bloody war motivated by fanatic religious fundamentalism on the one hand, and the ambitions of a megalomaniac dictatorship on the other hand. Tens of thousands of prisoners were shot on both sides out of hand. An unconventional weapon, poison gas, was introduced, and the world stood by in mute helplessness. The number of those killed and wounded was in the millions.

How blind were the so–called experts in analysing the developments in our area. The obsessive fixation with every stone–throwing incident in the West Bank led to a situation whereby the real ominous developments in the Middle East and the real threats to Western interests were overlooked by most observers. Thus again and again the Western World was taken by surprise when the real focus of danger erupted. How can we forget how the free world was taken by surprise by the Soviet invasion of Afghanistan, by the Khomeini revolution in Iran, by the outbreak of the Iran–Iraq war?

It is against this background that we must view the sole bastion of democracy in our region—Israel. A glance at the map of the Middle East must surely emphasize the vital significance for the security of the free world of this solid island of stability, loyalty and friendship to the West.

We see as our major challenge the achievement of peace between us and our Arab neighbours, including the Palestinians. In our Declaration of Independence we held out our hand to our Arab neighbours in a quest for peace. It was rejected, and instead the armies of seven Arab states combined with the Palestinian Arabs in an effort to destroy the embryonic Jewish State before its birth and to drive us into the sea. We fought back desperately without adequate arms, outnumbered, outgunned, and embargoed by most of the countries of the free world. Thanks to our sacrifice of 1 per cent of our population killed and the leadership of Ben Gurion, we managed to survive.

From the moment of its birth Israel stretched out its hand in an offer of peace, but it was rejected. The Palestinians continued along the road of tragedy.

For 19 years, from 1948 to 1967, the West Bank was occupied by Jordan and the Gaza Strip was occupied by Egypt. But the Palestinians were not granted independence, nor was a State established, because then as today the last thing the Arab countries wanted, their protestations to the contrary notwithstanding, was a Palestinian State.

Ten days after the conclusion of the Six-Day War in 1967 the Israeli Cabinet offered to return to Egypt the Sinai Desert and to Syria the Golan Heights in return for demilitarization and peace. The Government prepared for negotiations with King Hussein. The Arab reply to this approach was the Khartoum Summit Conference with its three noes—no to negotiations with Israel, no to recognition of Israel, and no to peace with Israel.

In 1977 the program for full autonomy for the Palestinians proposed by the then Prime Minister Menachem Begin was rejected out of hand. Had this proposal been accepted then, we might by now have been well on the road to a permanent settlement.

We are irrevocably committed to the inexorable process moving toward peace in the Middle East. I am convinced that we will achieve it. For I only have to look back to 12 years ago today when most of Israel's borders were hermetically sealed and there was no passage of people or trade across them. Who would have dreamt then that today the Israeli flag would fly over an Israeli Embassy in Egypt and an Egyptian flag over an Egyptian Embassy in Israel? Who would have dreamt that 10 years after the signing of the Israel-Egypt Peace Treaty, Egypt would be accepted back into the Arab League while remaining loyal to its commitments to Israel and would, indeed, rightly reassume its position as leader of the Arab world?

Who would have dreamt that this year some 120,000 Israeli tourists would be thronging Egyptian resorts and tourist sites, and that joint Israel-Egypt agricultural projects would be taking place in the Nile Delta and in the Negev in Israel?

Who would have dreamt that over a million people would be crossing annually over the bridges of the River Jordan in both directions, and that daily hundreds of trucks would be carrying produce and exports in both directions? And who would have dreamt that thousands of Israeli Muslims would be making their way to and fro in performance of the Holy Pilgrimage to Mecca?

We have reach a new crossroads. We are experiencing a period of unrest in Judea, Samaria, and Gaza. We deeply regret the bloodshed on both sides as we strive to maintain law and order. We have had to overcome repeated onslaughts in the past, and I have no doubt that we will overcome the present wave of violence which in our eyes poses a threat to the basis of our society and to the peaceful coexistence between Jews and Arabs in the land of Israel. We dare not underestimate the feelings expressed in the unrest, nor should we sanguinely expect it simply to fade away. Irrational and self-destroying persistence has tragically marked previous Arab attacks on Israel. Hatred and violence have led only to bereavement and disaster without solving any problems. Understanding has come too late in every case.

There is no desire in Israel to rule over another people and to direct its life. Let us however not forget that this issue is the subject of a major political debate in Israel. Israel has to face fateful decisions, and I am only too aware of the agonizing reappraisals taking place today both in our free society, and among the Palestinians who live with us in Israel and in the territories.

It is easy to discuss our problems at a distance, to pass judgment, to make speeches, to write articles, and to offer solutions. It is, to say the least, less easy for those who together with their children will have to bear the consequences should they err. Remember, what for others is a matter of foreign policy, is for us a matter of existence. In the current outbreak of civil unrest in Judea, Samaria, and Gaza, the choice facing us is unfortunately not between law and order on the one hand, and negotiations on the other hand. The choice is between maintaining law and order as a basis for bilateral negotiations, or allowing the situation to deteriorate into a new edition of Beirut or Teheran. That is the cruel choice which faces us today.

There is criticism at times of Israel's handling of the maintenance of law and order, and nowhere more pointedly than in Israel, in the Knesset or in the media. However, I have yet to see other countries facing similar situations without the use of force. What more effective methods should we use? Those used by our neighbours including, for instance, the killing of 30,000 people in the Syrian town of Hama by President Assad, or the killing of 500 demonstrators in two days in Algeria last summer? Or should we adopt the methods using during the riots in the inner cities of Britain, or in Northern Ireland, or in the streets of Western Europe, or those that were used once in Watts or Detroit or Kent State?

What other armed forces in the world than ours would exercise more restraint in coping with a society that cynically and cruelly sends its children to carry out acts of violence endangering life on both societies? Remember, a mother burnt alive together with her three children in a civilian bus are no less tragically dead because the perpetrators who threw the molotov cocktail were youngsters. A society's strength is tested by its ability to face crises. I believe that given all the difficulties and with all our shortcomings our society has shown as much maturity and humanity as any other society in similar circumstances. As Golda Meir once said she cannot forgive the Arabs not so much because they kill our children but because they force our children to kill theirs.

Looking around us, how can we ignore the thunderous silence of the world as the city of Beirut has been, and is being, pounded mercilessly by Syrian artillery day in day out, night in night out, as the Christian refugees trying in small boats to reach ferries offshore to take them to safety in Cyprus, are shelled indiscriminately, as the Lebanese nation is slowly destroyed, as the Christian community of Lebanon largely ignored by the rest of the Christian world, is slowly being decimated and is in dire danger for its very existence? How can we ignore the apathy of the world in the face of this cruel destruction of a nation? Surely the lesson for us must be obvious.

Already 25,000 refugees from Beirut—Christians and Muslims—have crowded into the security zone adjacent to our northern border, instinctively coming to Israel for protection and security.

My friends, all of this is going on at the moment, and has aroused little reaction in the civilized world. In the cruel, distorted, prejudiced coverage by the media of events in the Middle East, the slaughter in Beirut does not warrant the coverage given to children throwing stones in some West Bank village.

We are a free society facing a dilemma. Is it not understandable that Israeli society is torn by doubts and hesitations, and that there is no small degree of scepticism coupled with a legitimate debate in our society on the PLO's real intentions?

In the past few months, the Government of Israel formulated a plan for the movement forward in the peace process in the Middle East. The plan consists of four parts:

1) Reaffirming the Camp David Agreement;

2) A call for the Arab countries to join in the peace process and recognize Israel;

3) That an international effort be mounted to solve the festering problem of the Arab refugees in Gaza and Judea;

4) Elections in the Judea and Samaria Districts of the West Bank and in Gaza, whereby the Palestinian Arabs residents of these areas will elect in secret ballot their own representatives. These representatives will be thereby empowered to enter into negotiations with Israel in order to establish self-rule for the Palestinians in the West Bank and Gaza.

Under this self-rule, which is envisaged for a five-year period, the Palestinian Arabs in the territories will rule themselves and will be responsible for everything but foreign affairs and defence.

After a period of three years, negotiations will open with the Palestinians who have been elected, in order to achieve a final settlement.

Unfortunately the situation on the Arab side is not at all clear. Their protestations to the contrary, a large proportion of the Palestinians living in the territories administered by us would accept the Government of Israel's proposal. But since the official PLO line so far has been to set out conditions which in effect negate the spirit and the essence of the Israeli proposals, no Palestinian in the Judea and Samaria district of the West Bank and Gaza will dare risk being lynched or a bullet in his head in order to express his views and support the proposal. In the course of the current year some 50 per cent of all the Palestinian casualties have been inflicted by Palestinians. In the past few months, some 50 Palestinians suspected of views different to those of the PLO have been cruelly and summarily executed. When a Palestinian mayor suggested a truce for Christmas, he was publicly threatened by Arafat that he would end up with 10 bullets in his chest.

What is more, the recent Arab Summit Conference in Casablanca reaffirmed the negative position adopted by the PLO. The PLO policy from a practical point of view, from our point of view, must be irrelevant as long as they are not prepared officially to amend the Palestine Covenant which calls for the destruction of Israel.

We are by now immune to the double-talk which characterizes many of the statements issued by the PLO, each statement adapted to the audience to which it is delivered, immediately to be followed by another statement issued to another audience saying just the opposite.

Thus, Arafat publicly forswore the use of terror. However, acts of terror continue unabated. How can we tamely acquiesce in his declaration that the burning of a Jewish family on an outing in a car is a "military operation" and not an act of terror. The fact is that he does not in effect control his organization. Indeed, in addition to the break-away Abu Mussa group in Syria, components of the PLO such as Talaat Yakub, Habash's Popular Front, Khawatma, Gibril, refuse to go along with him. What validity can one give to the statements made by an individual who obviously does not control constituents of the organization which he purports to lead and represent?

I emphasize, again, that the people of Israel want nothing more than peace. I know of no way to achieve peace without negotiation with the other side. One day a great man arose in the Middle East and came forward, the late President Anwar Sadat, made his demands to the Knesset, entered into negotiations, and today buses leave Jerusalem and Tel-Aviv daily for Cairo and vice versa.

Yes, we are moving inexorably toward peace and that is the major goal of our people, reflecting as it does the prayers of millions who cannot express themselves freely in our area, torn by fundamentalist religious fanaticism. That peace will be achieved because we want it and because the people of the Middle East want it and need it.

In the meantime, as we pursue our struggle in the ongoing search for peace, we continue to develop as a free vibrant society, which stretches out its hand seeking co-operation with all.

In a period of 41 years we have created an open, democratic society in Israel in which the dignity of man is enshrined as a supreme value. We have a free and independent judiciary, a democratically elected Parliament, a free press, and a system of universal education. We have created a highly developed system of agriculture, and an industry which is capable of producing some of the more sophisticated high technology and bio-technological engineering, supersonic planes, and some of the better medical scanning equipment existing today in the world. Israeli-manufactured items are in space ships, and in more advanced planes produced in the United States. We are one of the three more advanced countries in the world—the other two are the United States and Japan—in the development and use of solar energy. We are among the leaders in the world in the field of irrigation, desalination of sea water, and cloud seeding. We are one of eight countries of the world which has been represented in space by its own satellite.

We know our shortcomings, we know our failings, but as a free, vibrant, multi-ethnic society, we are conscious of a continuous effort to overcome them. No society is without its weaknesses, but every society must be judged by the freedom of its population to deal with these inadequacies, by the consciousness of its people of its duty to moral imperatives, and by its willingness to accept the vote of the majority in support of the Rule of Law and of the dignity of man which must be the supreme value in any modern society. Because, as Thomas Jefferson pointed out, "nothing is unchangeable

but the inherent and inalienable right of man". By this criterion we, a small country beset by problems from within and without, constantly maligned in the Community of Nations, are proud of our record in forging a free, open, democratic society.

[*Translation*]

Mr. Speaker, on behalf of the people of Israel, I salute Canada for the major role your country has played over the years for human freedom, for values that are dear to us and are the foundation of your society as they are of ours. We know Canada's remarkable contribution, both on this continent and in all countries of the world, and the growing importance of Canada's voice in international bodies. Relations between Canada and Israel, which are growing all the time, are of course based on common interests, but also above all on deep affinities.

For a country like ours, you are an example and a source of inspiration. You have opened the doors of freedom to immigrants from countless countries. You are an outstanding model of coexistence between individuals of different cultures and backgrounds who live here in a climate of mutual tolerance and respect for their original identity.

[*English*]

You have been endowed with the great gifts of nature and have demonstrated how to be worthy of the blessings of Providence by a national concern for a healthy environment which you preserve with fervour and devotion.

In the words of the Sour Dough:

> There's a land where the mountains are nameless,
> And the rivers all run God knows where—

He goes on:

> Wild and wide are my borders, stern as death is my sway,
> From my ruthless throne I have ruled alone for a million years and a day;
> Hugging my mighty treasure, waiting for man to come;

Yes, you came and you have succeeded in meeting the challenge of nature and in harnessing it in the cause of the march of progress, science, technology and agriculture for the benefit of mankind.

Your society is distinguished by a special emphasis on aesthetic beauty, cultural advance, and cultural innovativeness in literature, on the stage, on the screen, and in the arts. We share with you immense pride in the impressive Jewish contribution to your cultural and national life.

I thank you, Mr. Prime Minister, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, and the distinguished Members of both Houses, again for your most kind welcome. I trust and pray that my visit will serve to strengthen the relations between our two peoples sharing our common values in the ongoing struggle for peace and the advance of man.

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Guy Charbonneau (President of the Senate): Mr. President, Mrs. Herzog, it is a pleasure to welcome you in our midst and to listen to a Head of State who has had a remarkable career as a soldier, lawyer, businessman, author and politician and who, incidentally, served during the Second World War with British troops under the First Canadian Army, at the Battle of Reichswald.

[*English*]

Your explanation of the situation in the occupied territories and of the policy of the Israeli Government is very timely. Canada has been actively involved in the search for a just and lasting peace in the Middle East since the era of Lester Pearson.

As recently as 1985, Canada responded favourably to an Israeli–Egyptian request that she participate in the peacekeeping force in the Sinai area returned to Egypt in 1982 under the Camp David Accord, thus ending a decade-long refusal to participate in peacekeeping operations not sponsored by the United Nations.

The Canadian encouragement of efforts toward peace in the Middle East has thus been constant down through the years, as has been the commitment to the right of Israel to exist within secure and recognized boundaries.

Your participation in this exchange of views between parliamentarians does us great honour, Mr. President. It is all the more significant in that, to our eyes, your personality matches that of your country. Neither you

nor the State of Israel can be squeezed into any of the usual categories.

Both you and your country seem to be under the signs of paradox and contrast. Israel never ceases to accomplish natural miracles, a contradiction in terms that makes perfect sense when applied to Israel. This familiarity with paradox has led your countrymen to excel at anticipating the unexpected and preparing intelligently for it.

In your distinguished career, Mr. President, there are also paradoxical elements. Who could have guessed that Catholic Ireland would give birth, in you, to a future President of the Promised Land? On the outbreak of the Second World War, although you were committed to ending the British mandate in Palestine, you did not hesitate to join the British Army. Although a labour stalwart, you were re-elected in 1988 as your country's Head of State by a Parliament in which the right predominated.

Israel has consistently chosen its Presidents from among politicians distinguished for their intellectual activity. After hearing your address today, here in a place where opposing ideas and positions are debated every day, we can see why your parliamentary colleagues once again entrusted you with this high office.

Some Hon. Members: Hear, hear!

Mr. Charbonneau: Well aware of the opposing currents that flow freely in your parliamentary democracy, the Knesset wanted to raise, over those currents, an ironclad guarantee that the society where such diversity of opinion can flourish will be preserved.

[*Translation*]

Mr. President, your presence here today testifies to the close relationship that exists between the governments, parliaments and peoples of our two countries. These ties should be seen, by you yourself and the people of Israel, as a guarantee of our understanding and our desire to see peace and harmony reign once more in this troubled area of the Middle East.

[*English*]

On behalf of the Senate of Canada, I thank you for sharing your thoughts with us, Mr. President.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Speaker: Mr. President, colleagues of the House of Commons and the Senate, and distinguished guests: on behalf of all Members of the House of Commons, I wish to thank you for your presence here today, and for coming to visit our country.

I had the great privilege of visiting your country on three occasions, the last being in January 1987, at which time you and I, Mr. President, had a chance to speak privately about your country's problems and our concerns with respect to those problems.

[*English*]

I think that in this House of Commons it should be remarked that democracy is a constant and open debate on the great issues which confront us. This, I suppose, is accepted by Canadians, because we have created here in our country, at least, one of the most open and free democracies that exists anywhere in the world.

Some Hon. Members: Hear, hear!

Mr. Fraser: That does not mean that there will not be discord and division, but it does mean this: that on the most difficult issues that face us there will be strong and vivid debate. Mr. President, the House of Commons is not a tea party. It is an adversarial forum and, Sir, you will understand that there is no monolithic view in our country about issues whether they are domestic or beyond our shores.

But we in Canada are deeply committed to a concept of free discussion. You are here, Sir, because you represent a sister democracy which has steadfastly maintained the principle which owes its origins back in the mists of our British heritage, that it is better to debate openly our concerns than to repress them by secrecy, or censorship, or indifference.

Some Hon. Members: Hear, hear!

Mr. Fraser: Your country, sir, which from its inception has had to maintain its democratic traditions through some terrible and difficult events, is an example to the rest of the free world.

We are not unaware of the anguish you are presently experiencing. But we are conscious of the fact that your Parliament, your Knesset, debates these issues, that your press is free, that those who support or criticize are free to speak their minds, and that the press is free to report their views. Mr. President, that cannot be said for many parts of the world.

There are here in Canada many people who care very much for your country, and who also pray and hope that with skill, intelligence, decency and compassion, you will

be able to resolve the extraordinary challenges that face you.

[*Translation*]

Mr. Speaker, it is our wish and our earnest hope that peace will come to Israel and its neighbours. I hope that following your visit to this country you and your fellow citizens will realize that Canadians nurture a loyal and constant friendship for Israel and also that they are very much concerned about the safety and well-being of your country.

[*English*]

We have long insisted that Israel's existence must be maintained and must be secured. We are not, because after all we are not living in a dream world, unaware of the situation of others who aspire to dignity and self-respect.

We have done things in Canada that were not believed to be possible. We have created a nation of peoples from everywhere in the world, including our native peoples. We have not been perfect, and the ideal we are following is far from being perfected, but we have come this far by patience, and some competence, but, basically, Sir, as a consequence of the deep regard for the rights of individuals and their traditions.

This approach, however imperfect, has created with all our faults one of the best countries in the world. It is nonsense to say that Canadians are dull. I am tired of such shallow mutterings. If we are dull, I do not know what I have to do every day in Question Period. But, Mr. President, we have always tried to move to a moderate position. Moderation and a very deep respect for each other has created and I believe will maintain our country.

We say to you, Sir, that perhaps our almost instinctive sense of moderation within a framework of a viable democracy may give you and your colleagues some sense of hope if you face challenges that are more difficult than ours. Mr. President, we are your friends, and because we care for you and your children, our wish, and our expectation, is that you will result your difficulties with wisdom, generosity, and compassion.

[*Translation*]

Many, many thanks, Mr. President for your visit and your friendship! *Shalom*!

APPENDIX "B"

(*See p. 363*)

THE ESTIMATES, 1989-90

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)

TUESDAY, June 27, 1989

The Standing Senate Committee on National Finance has the honour to present its

FIFTH REPORT

Your Committee, to which Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1990, were referred, in obedience to the Order of Reference of Tuesday, June 20, 1989 submits its report as follows:

The Committee heard evidence from the following:

Appearing:

The Honourable Charles Mayer, P.C., M.P., Minister of State (Grains & Oilseeds)

Witnesses:

From the Department of Agriculture:

Dr. Harold Bjarnason, Associate Deputy Minister, Grains & Oilseeds Branch;
Mr. Gordon Pugh, Acting Director, Impact Analysis, Priorities & Strategies Directorate, Grains & Oilseeds Branch;
Mr. Terry Pender, Associate Director General, Farm Financial Programs Directorate, Policy Branch;

Mr. Bruce Mitchell, Director, Planning & Resource Management, Corporate Management Branch.

From the Treasury Board:

Mr. Allan Darling, Deputy Secretary, Program Branch.

Supplementary Estimates (A), 1989-90 totalling $435.9 million is the first supplementary estimate for this fiscal year and raises the votable amounts requested from Parliament for 1989-90 from $43,109.8 million to $43,545.7 million, and the total estimates from $131,163.2 million to $131,599.2 million. These estimates contain one item only - a request for authority to provide grants under Vote 30 of the Department of Agriculture to producers for crop losses due to drought conditions in 1988. This amount of $435.9 million is in addition to the $442 million requested through the Main Estimates, yielding a total of $877.9 million for this activity. Committee members were told that of this amount, $850 million is expected to be needed for drought assistance; the remaining $28 million is for other sundry programs under the grain and oilseeds activity.

The need for these payments was brought on by the 1988 summer drought. The geographic pattern of this drought was erratic leaving the prairie provinces the hardest hit.

This is the sixth time the Department of Agriculture has come to Parliament in the last three years requesting money for a special agriculture support program. The previous five times were for requests of $2100 million for the Special Canadian Grains Program. That program was intended to cushion Canadian farmers as a result of falling world prices brought on by actions of the United States and the European Economic Community.

This program will cover producers in the five provinces hardest hit by the the drought: Alberta ($80 million), Saskatchewan ($415 million), Manitoba ($170 million), Ontario ($150 million), and Quebec ($20 million). These numbers are preliminary and are a rough guide to the distribution of money only.

Payments will be made to individual producers on the basis of their acreage, and an assistance rate. This rate will be tied to the severity of the drought in the township of the producer. There will be three classes for measuring the severity of the drought. These will based on a ration of crop loss to insured coverage. The most severe is defined as 0.50 and over, moderate being 0.25-0.49, and slight as being less than 0.25.

The government's intention is to have all final payments made by the end of July. Some producers who submitted applications by March 15, 1989 and who were in "moderate" or "severe" areas have already received interim payments. Final payments will contain any adjustments, after all data have been checked, in cooperation with provincial crop insurance agencies.

When this program was first announced in November, 1988, it was expected that it would be a cost-

shared program with the provinces and that the total outlay would be $850 million. Private negotiations are taking place with individual provinces to determine the extent of their role. In the interim, the federal government is insuring that it has adequate authority to make full payment to producers, and is not constrained by any on-going negotiations.

All members of the Committee were pleased by the response of the government to meet this real need brought on by the 1988 drought. Senators expressed concerns about the program ranging from delays noticed by some producers in receiving interim payments, to a need for a cap on the maximum coverage under this program.

There was a separate issue raided that these Supplementary Estimates (A) were being requested before the Main Estimates were approved. A similar situation arose in March 1987 at which time the government claimed it was following the supplementary estimates route rather than including the full amount in the Main Estimates because it needed all the money before the Main Estimates would be approved. While it might have been possible to have obtained the full amount through interim supply, it would have eliminated the opportunity for Parliament to have examined the request before it was approved. At the time, this Committee reported as follows:

> "The Committee understood the need to provide money prior to the end of June, but some Senators felt that it was inappropriate to consider Supplementary Estimates before the review of the Main Estimates. It is suggested that the proper procedure would have been to include the $700 million request in the Main Estimates, with the entire amount, less $1, being provided through the interim appropriations bill. In this way, the principle of the request would continue to be before Parliament until the Main Estimates are reported and the appropriations bill proclaimed by the end of June."
>
> *(Issue No. 3, March 12, 1987)*

Officials from the Treasury Board agree that the Committee's proposal is the proper procedure but, that this case was different; at the time of drafting the 1989-90 Main Estimates, the government had hoped that federal-provincial negotiations would be further along; that the full $850 million would not have to come from the federal government. While this is still the hope, the need to insure the money is available for producers by the end of July led to this supplementary request. Officials also indicated that even with this request, the approved spending authority remains well within the expenditure plans for 1989-90.

SUPPLY TO DATE FOR 1989-90

One Appropriation Act has been approved in respect of Estimates for 1989-90:

Supply Approved to Date:

Appropriation Act No. 1, 1989-90 granted Interim Supply for the 1989-90 Main Estimates equal to an initial allocation of 9/12ths for all Votes plus 26 additional proportions.	$33,119,820,020.24

Awaiting Approval:

Supply for the whole of Supplementary Estimates (A), 1989-90	435,929,304.00
TOTAL	$33,555,749,324.24

ESTIMATES TABLED TO DATE FOR 1989-90

	To be voted	Statutory (in thousands of dollars)	Total
Main Estimates			
Budgetary	$42,939,511	$88,048,601	$130,988,112
Non-Budgetary	170,275	4,852	175,127
	43,109,786	$88,053,453	$131,163,239
Supplementary Estimates (A)			
Budgetary	435,929		435,929
Non-Budgetary	-	-	-
	435,929	-	435,929
Total Estimates Tabled			
Budgetary	$43,375,440	$88,048,601	$131,424,041
Non-Budgetary	170,275	4,852	175,127
	43,545,715	$88,053,453	$131,599,168

FERNAND-E. LEBLANC
Chairman

THE SENATE

Wednesday, June 28, 1989

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

Prayers.

THE SENATE

MR. YVES HÉBERT—CONGRATULATIONS ON AWARD OF MEDAL OF BRAVERY

Hon. Robert Muir: Honourable senators, I should like to make a rather important statement today. It is not important because it comes from me but because of what is contained therein.

In our midst we have many people who are heroes and heroines in their own right, through their military service and so on, and we admire and respect them, as we should. However, also in our midst there is a messenger of the Senate by the name of Yves Hébert who was recently honoured by receiving the Medal of Bravery.

Depending on one's station in life, many of us, including myself, are neglectful and do not pay as much attention to some of these happenings as we should. However, in a recent edition of the *Ottawa Citizen* an article appeared entitled "Super-saver: Repeat rescuer among 34 people to receive medals for saving lives." That article reads as follows:

> As he swam toward the hysterical woman, Yves Hébert remembered an important lesson from the first time he saved someone from drowning.
>
> A swimmer in trouble, overcome with panic, can drown the rescuer.
>
> So Hébert stopped about three metres from the woman in the Gatineau River.
>
> "I'm going to put my arm around your neck and take you to the shore", he told her. He did just that and saved her life.
>
> The 27-year-old Senate messenger is one of 34 people to receive the Medal of Bravery Friday from Gov. Gen. Jeanne Sauvé during a Rideau Hall ceremony.

Honourable senators, this was not the first time for Yves. The article goes on to say:

> He first saved a life when he was 14, when he and an 11-year-old cousin had become lost in the woods.
>
> The younger boy tried to get a drink from a lake, and fell in. He couldn't swim.
>
> Hébert dove in and swam under the boy. He found himself under water with his cousin's legs squeezing his neck. He was unable to breathe.
>
> He freed himself, surfaced and punched the boy in the face, then pulled him to shore.

I am sure it is much better to get a punch in the face than to drown. The article continues:

> He didn't have far to go when rescuing his cousin. But to save the woman from drowning in the Gatineau River—

I am sure many honourable senators here are much more familiar with the Gatineau River than I am. It can be quite rough.

> —he had to swim 80 metres across the current, through darkness and fog, guided only by her screams for help.
>
> Then he had to drag the woman . . . back to shore.

In that same incident a gentleman lost his life. Yves Hébert has been honoured by the City of Gatineau and the Government of Quebec for the rescue.

The article goes on to say:

> But Friday's ceremony (June 2) will be the pinnacle, he says.
>
> "This is it. You can't go higher than that."

Honourable senators, in my conversation with Mr. Hébert I applauded him and told him what a fine thing he had done. In a very humble way he said, "You know, senator, someone has to do these things."

Honourable senators, I think we should all applaud Yves Hébert, a fine young man. As Senator Macquarrie, who is also interested in this matter, would say:

> Greater love hath no man than this—that he would lay down his life for a friend.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I had also noticed that event and I, as probably some of you did, wrote Yves a letter. I think we should thank Senator Muir for giving us a chance to express collectively our pride in his accomplishments.

[*Later*]

Senator Muir: Honourable senators and dearest colleagues, may I have your indulgence? Earlier this afternoon, when I spoke about Yves Hébert, I had hoped that he would be in the gallery so you would be able to see this brave young gentleman, but he felt it more important to be out delivering a message for a senator or senators. He was not on time then, but he was on time to save a life in the Gatineau River, and he is on time now. He is in the gallery sitting behind the clock.

Hon. Senators: Hear, hear!

[*Translation*]

INFORMATION COMMISSIONER

ANNUAL REPORT TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the report of the Information Commissioner for the period ending March 31, 1989.

[*English*]

APPROPRIATION BILL NO. 2, 1989-90

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-35, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1990.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

CANADIAN ENVIRONMENTAL PROTECTION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-22, to amend the Canadian Environmental Protection Act.

Bill read first time.

The Hon. the Speaker: Honourable senators when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

CANADIAN EXPLORATION AND DEVELOPMENT INCENTIVE PROGRAM ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-19, to amend the Canadian Exploration and Development Incentive Program Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this Bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILLS TO CHANGE NAMES OF ELECTORAL DISTRICTS—FIRST READINGS

The Hon. the Speaker: Honourable senators, I have here messages from the House of Commons relating to six bills. As they are all but identical, I shall read the first one.

Honourable senators, messages have been received from the House of Commons with Bill C-239, to change the name of the electoral district of Saint-Laurent; Bill C-240, to change the name of the electoral district of Markham; Bill C-241, to change the name of the electoral district of Fredericton; Bill C-245, to change the name of the electoral district of Renfrew; Bill C-252, to change the name of the electoral district of Restigouche; and Bill C-254, to change the name of the electoral district of Windsor-Lake St. Clair.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if I am not mistaken, the bills run from Bill C-239 to Bill C-254 and, as Your Honour has pointed out, they deal with changing the names of the electoral districts of Saint-Laurent, Markham, Fredericton, Renfrew, Restigouche and Windsor-Lake St. Clair. As far as we are concerned, it would be quite in order for Your Honour simply to ask, "When shall these bills be read the first time?", and then we could deal with them en bloc.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Bills read first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bills be placed on the Orders of the Day for second reading later this day.

the other place. If we have second reading of them today, I am told that the sponsor of one of these bills, Mr. Attewell, is quite prepared to appear before a Committee of the Whole of the Senate should senators have any questions to ask about the form and content of these bills.

Senator Frith: It seems to me that we can reasonably deal with these bills in Committee of the Whole. We can decide whether we do that with the assistance of a member or someone speaking on behalf of members.

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

Hon. Senators: Agreed.

Motion agreed to and bills placed on the Orders of the Day for second reading later this day.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lorna Marsden, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Wednesday, June 28, 1989

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill C-8, An Act to amend the Department of Labour Act, has, in obedience to the Order of Reference of Wednesday, June 21, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LORNA MARSDEN
Chair

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Rossiter, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (1410)

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL

REPORT OF COMMITTEE

Hon. Lorna Marsden, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Wednesday, June 28, 1989

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

THIRD REPORT

Your Committee, to which was referred the Bill C-24, An Act to amend certain legislation respecting superannuation and other pensions, has, in obedience to the Order of Reference of Tuesday, June 27, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LORNA MARSDEN
Chair

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

NON-SMOKERS' HEALTH ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lorna Marsden, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Wednesday, June 28, 1989

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

FOURTH REPORT

Your Committee, to which was referred the Bill C-27, An Act to amend the Non-smokers' Health Act, has, in obedience to the Order of Reference of Tuesday, June 27, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LORNA MARSDEN
Chair

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Cochrane, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

TERRORISM AND PUBLIC SAFETY

SECOND REPORT OF SPECIAL COMMITTEE TABLED

Hon. William M. Kelly: Honourable senators, I have the honour to table the second and final report of the Special Committee of the Senate on Terrorism and Public Safety, entitled "Terrorism."

Hon. Royce Frith (Deputy Leader of the Opposition): Well done, Bill. Right on time—a day ahead, in fact.

Hon. C. William Doody (Deputy Leader of the Government): Do we get a refund?

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

Senator Kelly: Honourable senators, before I respond, I need some direction. My hope is that this report can be subjected to some reasonably substantial debate. Now is not the time. Do I then say, "At the next sitting," or do I say, "When the Senate resumes after the Senate rises"?

Senator Doody: At the next sitting.

Senator Frith: Honourable senators, why don't we take a run at the next sitting and, if it turns out that some honourable

senators are not ready to participate in the debate or vote on it because of insufficient time, then we can put it off until later.

On motion of Senator Kelly, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

PRIVATE BILL

THE SAFEGUARD LIFE ASSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, June 28, 1989

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill S-5, An Act to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec, has, in obedience to the Order of Reference of Thursday, June 22, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Cogger, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

JUDGES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, June 28, 1989

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRD REPORT

Your Committee, to which was referred the Bill C-30, An Act to amend the Judges Act, has, in obedience to the Order of Reference of Tuesday, June 27, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

RULES AND ORDERS

REPORT OF COMMITTEE EXPENSES TABLED

Hon. Gildas L. Molgat: Honourable senators, pursuant to rule 84, I have the honour to table the report of expenses incurred by the Standing Committee on Standing Rules and Orders during the Second Session of the Thirty-Third Parliament.

(For text of report, see today's *Minutes of the Proceedings of the Senate.*)

[*English*]

FOURTH LATIN-AMERICAN PARLIAMENTARY MEETING ON ENERGY AND PETROLEUM

NOTICE OF MOTION TO AUTHORIZE ENERGY AND NATURAL RESOURCES COMMITTEE TO SEND REPRESENTATIVES

Hon. Dan Hays: Honourable senators, I give notice that tomorrow, Thursday, June 29, 1989, I will move:

That the Standing Senate Committee on Energy and Natural Resources, which was invited by the Government of Venezuela to attend the 4th Latin-American Parliamentary Meeting on Energy and Petroleum, to be held in Caracas from 23rd to 29th July, 1989, be authorized to send representatives to Venezuela for the above-mentioned purpose.

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until tomorrow, Thursday, June 29, 1989, at 11 o'clock in the forenoon.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

AGRICULTURE

CASH ADVANCES FOR 1989-90 CROP YEAR—LEGISLATION AND REGULATIONS

Hon. H.A. Olson: Honourable senators, I have a number of questions that I should like to have answers to before the Senate adjourns for the summer recess, which I guess will be tomorrow. Some of those questions are now known to the Leader of the Government—for example, the one dealing with initial prices. There is another related question respecting cash advances on farm-stored grain. The government has announced that it is going to phase this out completely, or at least significantly modify the terms and conditions under which those cash advances will be made to the farmers in western Canada.

I know that the government can cut or discontinue the funding without passing a bill, but, if the government is going to change the terms and conditions, the government needs to have a bill passed by Parliament; yet we have not seen one. Since there was no bill received from the House of Commons today, I take it that we will not see one between now and September 25.

I wonder if the Leader of the Government in the Senate could give us an undertaking that he will let us know what, in fact, the terms and conditions of a producer receiving those cash advances will be when the new crop year starts on August 1, 1989. I have to say that there is going to be a very significant change in the cash flow, because no payments have been made under the Western Grain Stabilization Fund this year and there has been an announcement of a withdrawal or removal of the rebates on farm fuel and on a number of other things which I will not list here.

● (1420)

When a new crop comes in, it may be a fairly good crop—at least the prospects are for a fairly good yield; but I predict the cash flow from that is going to be severely reduced if the initial prices are down and no further cash advances are to be available. Therefore, it seems to me that it would be only fair for the farmers to know what the terms and conditions are going to be when they try to get money for this year's crop.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, with regard to the first part of the question, my friend the Deputy Leader of the Government advises me that legislation on that matter has now been tabled in the House of Commons. I cannot vouch for the contents of the legislation at this point. Senator Doody advises me that it will be Bill C-32, an act to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act, which received first reading on Monday. We would not expect that bill to pass in the House of Commons and arrive here before the summer adjournment.

Senator Olson: I understand that, but do I take it that the terms and conditions, including the amounts of the cash advances for the 1989-90 crop year, which begins on August 1, will be the same as those currently in effect? My understanding from the press reports is that they were going to be virtually phased out, and I understand how you could do that without passing the bill. But could the Leader of the Government let us know what the terms and conditions will be for obtaining cash advances when the new crop year starts?

Senator Murray: Honourable senators, that will be done. I have not had an opportunity to examine the bill to see whether or not the honourable senator's questions are answered by it. I suggest that he and I both do so, and if there is further information available in response to the concerns he has raised I will see that it reaches him.

Senator Olson: Honourable senators, if I may ask a final question on this point, I understand that the legislation can and will be changed at some time in the fall, but there are also regulations attached to those changes in the legislation. Since the new crop year will begin several weeks before Parliament can deal with the matter, could the Leader of the Government in the Senate also undertake to ascertain what those rules and regulations will be in addition to, or notwithstanding, what may be the change in the statute?

Senator Murray: I shall make inquiries on that matter, honourable senators.

Hon. Hazen Argue: I wonder if I might ask a supplementary question. I should like the government leader to ascertain whether or not farmers will have the right to a cash advance under the existing legislation, because I believe the legislation continues to exist. Parliament is not coming back until September 25; so, if a farmer goes to an elevator on August 1 and asks for a cash advance under the current statute, will he be able to get that cash advance, interest-free, under the current law?

Senator Murray: Honourable senators, again, I have not had the opportunity to examine this bill in detail, but I suggest that the honourable senator do so. I would be very surprised if his question were not answered by the legislation.

Senator Argue: I would like the minister to answer that question.

Senator Olson: Honourable senators, the legislation is one thing.

Senator Argue: It is not the law.

Senator Olson: We know that the legislation has not been passed, and I understand that it is not going to be passed. The House of Commons has adjourned until September 25, so whether the legislation passes is not important for the immediate future. What are the rules going to be when people make application for these cash advances in August?

Senator Argue: How can the Governor in Council take away a statute?

THE CONSTITUTION

MEECH LAKE ACCORD—CONSULTATIONS BETWEEN MINISTER OF STATE FOR FEDERAL-PROVINCIAL RELATIONS AND PREMIER OF BRITISH COLUMBIA

Hon. Raymond J. Perrault: Is it appropriate, honourable senators, that I ask a question now?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Please do.

Senator Perrault: The Leader of the Government has been described by some as having been, at the very least, the foster father of the Meech Lake Accord—that infant whose survival appears to be in question in some circles. The Premier of British Columbia has been pacing the battlements in recent days. He seems to be concerned and worried about certain aspects of the Meech Lake Accord.

Has the Leader of the Government, as the minister responsible for federal-provincial relations, been in active contact with the Premier of British Columbia to reassure him on certain points that may be of some concern to that premier? Has any communication been received from the Premier of British Columbia, directed to the Leader of the Government in the Senate, asking for clarification of certain matters?

Senator Murray: The short answer to that question, honourable senators, is no. I have not been in touch with the Premier of British Columbia, nor he with me, within the past few days. I recently met with one of his ministers. Several months ago I was in Victoria to meet Premier Vander Zalm. I have, of course, taken note of the comments that he has made most recently to the effect that, while he has some concerns, he certainly does not propose to withdraw or change in any way British Columbia's ratification of and support for the agreement.

While I have not been in touch with the premier personally, I welcome the opportunity provided by Senator Perrault to point out that the Meech Lake Accord is being accused, tried and convicted of crimes it has never committed. In particular, a link is being drawn by some between the decision of the Government of Quebec to invoke the "notwithstanding" clause in the case of its Bill 178 and the provision of the Meech Lake Accord respecting the "distinct society".

As the honourable senator knows, having been here and having voted on the 1982 accord, the "notwithstanding" clause belongs to the Constitution Act, 1982 and is not part of the Meech Lake Accord. The "distinct society" clause is an interpretive clause that is intended to work with the Charter of Rights and Freedoms, not to overrule it, as the "notwithstanding" clause would do.

Senator Perrault: The reason for my question is that the media report that, again yesterday, the Premier of British Columbia raised the matter of the "distinct society" and questioned the validity of this concept. Surely there is every reason now for the Leader of the Government in the Senate to hasten to British Columbia, as soon as the summer recess is proclaimed, in order to meet with the premier to discuss his concerns.

Senator Murray: I do not think so, honourable senators. The premier was taking note, in particular, of the decision taken by the Government of Quebec with regard to Bill 178. I think the premier understands, as I said, that the "distinct society" provision is an interpretive clause, which works with the Charter of Rights and Freedoms, and does not in any way set it aside as the "notwithstanding" clause of 1982 would do.

I am quite confident that this act of national unity, in which the Premier of British Columbia participated and of which he was one of the architects, one of the signatories, will stand. I remain confident that the accord will be ratified by the other two provinces and that it will be added to our Constitution so that the whole country can move forward together, united, with ten provinces at the table.

• (1430)

Senator Perrault: I have one final observation. Continuing comments of this kind by the Premier of British Columbia and certain other premiers can only serve to erode the basis of support for the Meech Lake Accord. I would suggest to the Leader of the Government that he remain not too passive under these circumstances and initiate some action.

Senator Murray: Honourable senators, I welcome my honourable friend's concern about this matter. I tell him, as I told our friend Senator Stanbury yesterday, that the Liberal leadership contest will provide an excellent opportunity for him and his colleagues to reaffirm their support for this essential act of national reconciliation.

Senator Perrault: This particular matter will not wait for 12 months, to the point when the Liberal leadership is determined and we once again have enlightened leadership in this country. [*Translation*]

MEECH LAKE ACCORD—ATTITUDE OF PRIME MINISTER AND PREMIER OF QUEBEC

Hon. L. Norbert Thériault: Honourable senators, I have seldom asked questions about Meech Lake. I am one of the few Liberal senators who were inclined to support the philosophy of Meech Lake, but I cannot help noticing what has happened in this country in the last seven or eight months.

I just heard Senator Murray say there was no connection between the "notwithstanding" clause, Bill 178 and Meech Lake. Theoretically, technically, legally and probably constitutionally, he is right. The Prime Minister and Senator Murray, who is very much involved in this matter, ought to know that in politics, because this may be non-partisan politics, but it is still politics, perception becomes reality.

Across the country, and especially in my own province and the Atlantic provinces with which I am more familiar, people's perception is that Bill 178 and Meech Lake are connected. I think the Prime Minister and the Leader of the Government in the Senate do this country a disservice when they keep saying that everything is fine and that Meech Lake will be approved. I strongly suggest that if the Government of Canada and the Government of Quebec are really concerned, if they really want Meech Lake to be approved, they should change their attitude.

People are fed up with being told by Prime Mulroney and Premier Bourassa what to do, or else . . . ! Neither the Prime Minister of Canada nor the Premier of Quebec are supreme authorities in this country. We live under a democratic system and we have an election every four or five years.

The rest of Canada has never liked being told by a provincial premier, whether he happens to be from Quebec, Ontario or another province, what it is supposed to do. The person who must speak for Canada is the Prime Minister of Canada.

When the Prime Minister of Canada and the Premier of Quebec repeat the same thing every day and tell Canadians that it doesn't matter, I say you are not helping Meech Lake and I am fearful of the consequences.

And I wish you would stop playing politics with the Liberal Party's leadership campaign. The Liberal Party is well established in Canada, and it will have a new leader at the appropriate time. In any case, the new leader of the Liberal Party will be chosen during the week of June 23, 1990, and Meech Lake may well die on June 23 that year, before the Liberal Party has a new leader.

The leader of the Liberal Party is not responsible for what is going to happen to Meech Lake. You are, and you had better realize it, or else you are going to be in trouble!

MEECH LAKE ACCORD—INTERPRETATION OF PREMIER OF QUEBEC

Hon. Pierre De Bané: I have a supplementary question, honorable senators.

Is the Leader of the Government in the Senate aware that Mr. Bourassa has made a connection between the Meech Lake agreement and Bill 178 by saying that if the Meech Lake agreement had been in effect, he would not have had to use the "notwithstanding" clause to pass Bill 178? He would have used the "distinct society" clause.

Do you agree, Mr. Leader of the Government, with this interpretation that Mr. Bourassa has given to the Meech Lake agreement?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, several times in this chamber and more recently in debate with my friend Senator Everett of Manitoba, I have denied that Premier Bourassa made the statement that Senator De Bané has just attributed to him.

Premier Bourassa never said that if the Meech Lake agreement had been proclaimed, he would not have had to use the "notwithstanding" clause.

On several occasions, Premier Bourassa stated the exact opposite by saying that he would never trade the "notwithstanding" clause for the "distinct society" clause.

Senator De Bané: I think that the Leader of the Government in the Senate is accurately quoting Mr. Bourassa to the effect that he would not trade one for the other. It is true that he made that statement.

[Senator Thériault.]

I will have to check, in view of your denial of the first statement; I will do my research and I will see which one of us is right.

Senator Murray: Please do, because I have searched the whole documentation for that period. I believe that my friend is relying on a front-page article in the *Globe and Mail*, but it does not contain a direct quotation.

Since then, Premier Bourassa has been careful not to make the connection that my friend claims he made.

[*English*]

COPYRIGHT

EDUCATIONAL EXEMPTIONS FROM PROVISIONS OF ACT

Hon. Lorna Marsden: Honourable senators, about a year ago Parliament passed Bill C-60, changes to the Copyright Act. Senators will recall that members of this chamber were reluctant to pass that bill because we were told that educational exemptions would arrive almost at once. We urged the then minister to hold back the first phase until we had those educational exemptions.

We are now about to rise for another break and have not as yet seen the second phase of the Copyright Act. I should like to ask the Leader of the Government: First, when can we expect this second phase? Second, what happened to the promise of the then minister, the Honourable Flora MacDonald, that we would see this immediately? Third, how will the government respond to what is going on in respect of the negotiations that collectives are engaged in despite the fact that we were assured that no negotiations would go on in those collectives until single-copy exemptions and spontaneous use issues—those issues which are so important to the school and university system—had been resolved?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will ask for an immediate report on that matter. Should it not arrive before we rise for the summer, I will see that the honourable senator receives it directly.

Senator Marsden: Honourable senators, it is my understanding that drafts of the second phase are available. Will the Leader of the Government in the Senate table those either here or in the other place, or will we see them in the form of some kind of public release in the next short while, so that there can be open discussion about this phase of the negotiations, as there was not in the last?

● (1440)

Senator Murray: Honourable senators, I shall inquire of my colleague, Mr. Masse, as to the state of play on this matter.

AGRICULTURE

GATT AGREEMENT ON SUBSIDY PROGRAMS—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, I have another question for the Leader of the Government in the Senate, since he appears to be in such a cooperative mood today.

My problem is with a statement that has been made by the Honourable Don Mazankowski, the Minister of Agriculture, with respect to a whole list of agricultural subsidy programs, including the agricultural transportation subsidy, the $300 million dairy subsidy, and the changes in the feed freight assistance program, et cetera. Some time ago, in Edmonton, Mr. Mazankowski was asked when there would be some details respecting the government's policy with respect to these subsidies.

Apparently, although the federal government has not yet admitted this, the Canadian government has negotiated away our right to establish subsidies in the farm sector of this country.

Senator Perrault: Shame!

Senator Olson: I understand that there is a recent global agreement that commits members of GATT—and that includes us, since Canada is a member of the General Agreement on Tariffs and Trade—to declare in advance how subsidies will be brought in line with whatever principles were agreed to at that time.

According to a recent edition of *The Western Producer*:

> Mazankowski refused to comment on any possible program changes.
>
> "We're not looking at specific items. We are looking at a broad policy framework... from the standpoint of where we expect to go over the next 20 to 25 years," he said.

Mr. Mazankowski then concluded by saying:

> "I hope to have that formulated into a principles paper by sometime in mid-summer,"...

I should like to ask the Leader of the Government in the Senate if he can bring back to us some details on this, because we will be away from this chamber for more than two months and therefore will not have the details on how the government intends to deal with all these programs that are in existence now. The only thing we know is that the Minister of Agriculture has said that there will be some changes. In my opinion, those changes will be profound because of what the government has agreed to at GATT in connection with bringing the agricultural subsidies into line, but which it has not relayed to the farmers in Canada.

Therefore, honourable senators, since the Leader of the Government in the Senate is so cooperative today, I wonder whether he would give us an undertaking to bring in some details on this matter so that the people who rely on the system in operation in Canada for their agricultural income will know what the rules are to be.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, there is no great mystery about this matter. There was finally an agreement achieved by the members of the GATT when they met in Geneva some time ago. But the essence of the agreement was not to add to the existing subsidy programs that are in force in many of the countries.

However, for the honourable senator to leap from that fact to the conclusion that existing subsidy programs are somehow in immediate, or any, peril is really letting his imagination run riot. I would sincerely hope that he would not lend himself to fear-mongering on this point.

The honourable senator knows as well as anyone else in this chamber what is at stake in these GATT negotiations. The countries are attempting to put an end to the destructive and ruinous subsidy wars between, in particular, the United States and the European Economic Community. Because some of these subsidy wars are among nations that have very deep pockets—much deeper than ours—countries such as Canada are big losers. So it is very much in our national interest and in the interests of our agricultural sector that, at the GATT, the member countries get these subsidies under control.

Therefore, all that has happened at the GATT is that an agreement has been made not to add to the present roster of programs, but to provide a framework for negotiations that will lead to some agreement on subsidies that would become part of the General Agreement on Tariffs and Trade.

Senator Olson: Honourable senators, it is not a figment of my imagination that the government announced that there would be a 20 per cent reduction in the initial payments paid on some grades of grain in western Canada. It is also a fact that the initial prices on those grains were regarded as floor prices in western Canada. Also, on number 1, number 2 and number 3 amber durum, the price went down from $190 per tonne to $150 per tonne. That has nothing to do with my imagination.

Honourable senators, it is also not my imagination that the Government of Canada has announced a reduction—

Senator Murray: That has nothing to do with GATT.

Senator Olson: In my opinion, you bargained it away at GATT. Why don't you admit it?

Senator Murray: No, no!

Senator Olson: The Leader of the Government can shake his head, but he just told me that he intends to bring the subsidies into line. However, by bringing the subsidies into line he reduces the price—

Senator Roblin: It is not a subsidy.

Senator Olson: In the example I have just stated, the price was reduced by $40 per tonne. Senator Roblin knows very well what I am talking about. That was a floor price and it has now been reduced. Also, because of what the Minister of Agriculture said about the subsidies, which were mentioned in the article I just read to you from *The Western Producer*, many western farmers are now wondering what will happen to their subsidies. They are concerned, because in every case where the specific details have become known the reduction has been a severe one.

That is why, honourable senators, I am making this request of the Leader of the Government in the Senate today. Sometimes he gets that horrified look on his face, but he will not admit, apparently, that his government may have negotiated

away our subsidies. The Leader of the Government has told us that the government has finally reached an agreement whereby all of the countries involved in GATT can get their subsidies into line. However, the ones that the government have already announced have been severely reduced; so my question is: What is going to happen to the rest of them?

Senator Murray: Read what I said and read the agreement.

Hon. Duff Roblin: Honourable senators, I should like to ask, through the Leader of the Government, whether it is seriously contended by any member of this house that the floor price for wheat or the wheat pricing operations of the Canadian Wheat Board have anything whatsoever to do with the question of subsidies. They have nothing whatsoever to do with the question of subsidies, and I hope my honourable friend will make that point clear.

Senator Olson: It is strange that a person so experienced as Senator Roblin would get up and make such a statement, when we know that only approximately 18 months ago the federal government was required to dig up over $200 million in order to pay the deficit in one or two of the Wheat Board accounts. Why was that necessary? Because there is a commitment that that is the floor price, and that is a subsidy. I ask the honourable senator what kind of nonsense he is trying to bring into this discussion.

Honourable senators, I still believe that what the federal government is now doing is what they term "bringing their subsidies into line" as a result of some pressure in Geneva, having bargained away the level of the floor price, as established by the payment of the initial prices. I suppose that some day, six or eight months from now, we will find out that what I am saying is a fact, because I have been there too, and I always listen carefully. Since I have been around, I have learned where to listen in order to find out what types of negotiations are going on.

Honourable senators, does the Leader of the Government deny that there were any negotiations on the basis that I contend, namely the lowering of the floor price for grain in Canada?

Senator Murray: Honourable senators, Canada bargained nothing away at Geneva. I make that statement to the honourable senator. He may think he knows where to listen, but I can tell him that if he will listen here and pay attention he will learn that Canada bargained nothing away at Geneva. Furthermore, I will send him a copy of the agreement that was achieved by the ministers who were taking part there. That agreement is a matter of public record, and the honourable senator can see for himself that what was achieved at Geneva is a first step to providing a framework for negotiations which we hope, and believe, will enable the international community, in a concerted way, to end the ruinous and destructive subsidy wars between some of the large countries, which punish other countries such as Canada. I should have thought that the honourable senator, who has some experience in these matters, would want to lend his full support to this process, and not engage in irresponsible fear-mongering.

[Senator Olson.]

• (1450)

Senator Perrault: Come on now!

Senator Olson: Honourable senators, I have in front of me the *Western Producer* of June 15, which states all the offering prices by the Canadian Wheat Board for the week for every grade of grain they offer. This article refers to the week of June 12, which is about two weeks behind. The prices are substantially higher than they were a year ago, and yet you reduce the initial price. What kind of sense does that make, unless you made some kind of deal in which you were obliged to go back and, as you said, adjust your subsidies?

Senator Roblin: That is an irresponsible charge!

Senator Olson: No, it is not.

Senator Murray: Honourable senators, again the honourable senator has let his imagination run riot.

ANSWERS TO ORDER PAPER QUESTIONS

CANADA-UNITED STATES FREE TRADE AGREEMENT

BINATIONAL DISPUTE SETTLEMENT PANEL—PROVINCIAL REPRESENTATION

Question No. 1 on the Order Paper—**By Hon. Jack Marshall:**

3rd April, 1989—With reference to External Affairs publication "Canadexport", Volume 7, No. 3, "Free Trade Bulletin", dated February 15, 1989, (a) why does the first roster of Canadians for the binational dispute settlement panel under Chapter 18 of the Free Trade Agreement only comprise appointees from four provinces: Ontario (3); Quebec (4); Alberta (1) and British Columbia (2); and (b) why are the other six provinces not represented?

Reply by the Minister for International Trade:

Re: FTA: Chapter 18, Panel Roster

Chapter 18 of the Free Trade Agreement provides that persons on the roster for dispute settlement panels should be chosen on the basis of "objectivity, reliability and sound judgment".

We have agreed with the United States that each country will propose 25 persons for the roster. Charles White of St. John's, Newfoundland was appointed on May 26, 1989. It should be noted also that the Hon. Gerald A. Regan whose appointment was announced January 25, 1989, served as Premier of Nova Scotia.

COMMUNICATIONS

CAPLAN-SAUVAGEAU REPORT—COSTS

Question No. 5 on the Order Paper—**By Hon. Jack Marshall:**

5th April, 1989—Concerning the Caplan-Sauvageau Report (a) what was the cost of the Report; and (b) what is the break down of costs particularly regarding

(i) salaries to the authors of the Report; (ii) the time to study and prepare it; (iii) the numbers of support staff; and (iv) all other costs?

Reply by the Minister of Communications:

The Department of Communications' response to the above question is as follows:

A. $3,292,800

B. i) Co-chairmen

F. Sauvageau	$ 102,680
G. Caplan	$ 106,920

Co-authors

M. Fullerton	$ 82,800
F. Côté	$ 82,800
C. Lavigne	$ 73,600
F. Fraser	$ 80,400
F. MacDonald	$ 82,800
	$ 612,000

B. ii)

Commissioned projects	$ 838,422
Group consultations	$ 169,494
Report production	$ 560,724
Research publication	$ 11,700
	$1,580,340

B. iii) $873,866 (25 staff)

B. iv) $226,594 Administration

ATLANTIC CANADA OPPORTUNITIES AGENCY

ATLANTIC CANADA SUPPLIER DEVELOPMENT PROGRAM

Question No. 6 on the Order Paper—**By Hon. Jack Marshall:**

5th April, 1989—1. With reference to the statement dated 29 November, 1988, by the Minister responsible for ACOA concerning the start-up phase of the Atlantic Supplier Development Program, has the headquarters been opened in St. John's, Newfoundland, and if so (i) what are the set-up costs; (ii) what are the rental costs; and (iii) what are the names of the staff members, their titles, salary and duties?

2. Have offices been opened in (a) St. John, New Brunswick; (b) Dartmouth, Nova Scotia; (c) Charlottetown, P.E.I.; and (d) Ottawa, Ontario, and if so (i) what were the set-up costs; (ii) what are the rental costs; and (iii) what are the names of the staff members, their titles, salary, and duties?

3. Will the projected date of April 1989 for the start-up phase of the Program be met?

4. Concerning Atlantic Canada Plus, (i) what are the names of the Directors, including their titles; and (ii) what is the amount of funding and share contributions?

Reply by the Minister of Public Works and Minister for the Purposes of the Atlantic Canada Opportunities Agency Act:

1. No.

2. a) No.
b) No.
c) No.
d) No.

3. Atlantic Canada Plus (ACP), the principal contractor responsible for completing the planning phase, has indicated that it will apply to ACOA for a 6-month extension to Phase I. During this 6-month extension, ACP will endeavour to involve the provincial governments and other partner organizations in completing and adding value to the business plan, a draft of which has not been produced. Should the provinces agree to cooperate with ACP, it is felt that the business plan can be refined and reshaped to take account of the specific role to be played by partner organizations. The involvement of these organizations will avoid any possibility of duplicating existing services and ultimately lead to a more cost-effective delivery of the Program. It would also be expected that ACP will wish to retain on contract the services of a CEO, who could actively participate in finalizing the business plan and work with ACOA and the provinces to establish a Supplier Development Office network throughout Atlantic Canada.

4.

(i) ATLANTIC CANADA PLUS ASSOCIATION BOARD OF DIRECTORS YEAR 1988-89

Mr. Harvey L. Webber, Q.C. Founder (902) 564-8268	President The Smart Shop Ltd. 314 Charlotte Street Sydney, N.S. B1P 1C7
Mr. Charles Keating Past Chairman (902) 469-9540 (902) 466-5810	Dartmouth Cable TV Ltd. P.O. Box 1011 190 Victoria Road Dartmouth, N.S. B2Y 4A4
Mr. Harry Luckhurst Managing Director (902) 453-2220	Atlantic Canada Plus Assoc. P.O. Box 8414, Station "A" Halifax, N.S. B3K 5M1
Mr. Gary Murray Vice Chairman (902) 421-1512 (902) 538-8423	Regional Sales Manager Trans Ad, Maritime Centre 1505 Barrington St. Suite 1205 Halifax, N.S. B3J 3K5
Mrs. Sonia Jones Director 1-800-565-5017	President & CEO Peninsula Farm Ltd. First Peninsula, R.R. No. 3 Lunenburg, N.S. B0J 2C0
Mr. Daniel F. Potter Director (902) 453-4620	President & CEO Novatron Information Corp. 3845 Dutch Village Road Halifax, N.S. B3L 4H9

Mr. Aubrey Palmeter Director (902) 422-4466	Director, Sales & Marketing Ben's Limited, P.O. Box 1662 6230 Pepperell Street Halifax, N.S. B3J 3L9
Mr. Tom Crowther Director (506) 452-6671	Publisher The Atlantic Advocate P.O. Box 3370 Fredericton, N.B. E3B 5A2
Mr. James Anderson Chairman (506) 857-2171	Anderson, Sheehan, and McWilliams 898 Main Street Moncton, N.B. E1C 1G2
Mr. William Wedlock Director (902) 436-9226	Branch Manager Hyndman & Co. Ltd. Box 1506 Summerside, P.E.I. C1N 4K4
Mr. Charles E. Adams Director (709) 737-5639	Manager, Corporate Planning and Development Newfoundland Light & Power Co. P.O. Box 8910 55 Kenmount Road St. John's, Nfld. A1B 3P6
Mr. Reid Sheppard Director (709) 896-9324 (President - APCC)	President Sheppard Developments P.O. Box 342, Station "C" Goose Bay, Labrador Newfoundland A0P 1C0
Mr. Wally Jarvis, F.I.I.C. Director (709) 576-1826	Manager Beothic Insurance Co. Ltd. Baine, Johnson Centre 10 Fort William Place P.O. Box 5367 St. John's, Nfld. A1C 5W2
Mr. Bruce Turner Director (709) 726-4980	General Manager Hotel Newfoundland Cavendish Square St. John's, Nfld. A1C 5W8

4. (ii) Atlantic Canada Plus is a not for profit private sector organization and as such has no equity capital.

CANADA-UNITED STATES FREE TRADE AGREEMENT

OFFICE AND STAFF OF CHIEF NEGOTIATOR—COST

Question No. 10 on the Order Paper—**By Hon. Jack Marshall:**

17th April, 1989—What was the cost to Canada for the office and staff of the Chief Negotiator for the Canada/U.S. Free Trade Agreement, including all aspects of expenditures?

Reply by the Minister for International Trade:

A total of $25,765,000 has been spent by the Trade Negotiations Office consisting of $1,026,000 in 1985-86, $7,680,000 in 1986-87, $8,754,000 in 1987-88 and $8,305,000 in 1988-89. In addition, non-budget expenditures on behalf of the TNO include office rental space at $916,410 per year for three years, vehicle rental space at $40,920 per year and office fit-up costs of $341,439. These amounts are not confined to the Canada-U.S. Free Trade Negotiations as the Multilateral Trade Negotiations have also been staffed and serviced by the TNO.

THE ENVIRONMENT

MUNICIPAL INFRASTRUCTURE—NATIONAL SHARED-COST PROGRAM

Question No. 12 on the Order Paper—**By Hon. Jack Marshall:**

2nd May, 1989—1. Is the Government of Canada considering support for a national shared-cost program to renovate municipal roads, sewers and water systems as promoted by the Federation of Canadian Municipalities?

2. Has the Government held meetings with the Federation of Municipalities to discuss the issue and, if so, what were the results of those meetings?

Reply by the Minister of the Environment:

1. The Government of Canada is not considering support for a national shared-cost program to renovate municipal roads, sewers and water systems as promoted by the Federation of Canadian Municipalities.

2. Since 1984, various Ministers have met with the Federation to discuss the issue and the Government's position was stated in the Federal Water Policy released in November 1987, and has since been reconfirmed on a number of occasions, including the Deputy Prime Minister's statement in the House of Commons on December 22, 1988.

THE ESTIMATES, 1989-90

VOTES 1, 5, 10, 15 AND 20—REFERENCE TO NATIONAL FINANCE COMMITTEE WITHDRAWN AND VOTES REFERRED TO SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE

Leave having been given to revert to Notices of Motions:

Hon. Lorna Marsden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

That Veteran Affairs Votes 1, 5, 10, 15 and 20 of the 1989-90 Estimates, which were referred to the Standing Senate Committee on National Finance on 2nd May, 1989, be withdrawn from the said Committee and referred to the Standing Senate Committee on Social Affairs, Science and Technology.

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

Hon. Senators: Agreed.

Motion agreed to.

NATIONAL DEFENCE

MOTION FOR RECONSIDERATION OF DECISION TO CLOSE CFB SUMMERSIDE, P.E.I.—POINT OF ORDER—SPEAKER'S RULING NEGATIVED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator McElman:
>
> That in view of the national commitment to serve the development of Canada's regions and the role of the national defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only national defence base in Prince Edward Island, that is Canadian Forces Base Summerside, and calls upon the Government of Canada to reconsider this decision.
>
> And on the motion in amendment of the Honourable Senator Phillips, seconded by the Honourable Senator Macquarrie, that the motion be amended by deleting all the words after the word "regions", in line 2 thereof, and substituting the following therefor:
>
> "and recognizing the importance of the national budgetary position in addressing that commitment, the Senate recommends that the Government of Canada and the Government of the Province of Prince Edward Island co-operate in developing sound economic alternatives to Canadian Forces Base Summerside."—(*Speaker's Ruling*).

The Hon. the Speaker *pro tempore:* Honourable senators, if it is agreeable to the Senate, I would be prepared to give my ruling on Order No. 5 on which I withheld my decision at the last sitting of the Senate. Is it agreeable that I do so now?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honourable senators, as I am very conscious that precedents in this place are extremely important, and also that decisions of this kind are very much a matter of judgment, I have spent a considerable amount of time in discussion to try to arrive at a proper decision on this matter.

Honourable senators will recall that the subject takes the form of a motion proposed by Honourable Senator Bonnell and a motion in amendment proposed by Honourable Senator Phillips. I listened very carefully yesterday to the points raised by honourable senators when the point of order to the effect that the amendment was not in order was raised. Since then I have consulted with the authorities, *Beauchesne's* and *Erskine May*, and I have had a look at the precedents in both houses.

I would refer honourable senators first to *Beauchesne's*, Fifth Edition, to which we normally go as a first reference, page 153, citations 425 and 426. Citation 425 reads:

> The object of an amendment may be either to modify a question in such a way as to increase its acceptability or to present to the House a different proposition as an alternative to the original which must, however, be relevant to the subject of the questions.

Citation 246 reads:

> It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed. Every amendment proposed to be made, either to a question or to a proposed amendment, should be so framed that, if agreed to by the House, the question or amendment as amended would be intelligible and consistent with itself.

The Twentieth Edition of *Erskine May* says the same thing as *Beauchesne's* in its first paragraph. I am referring to page 395, and the heading is "Object of an amendment and effect on debate." The begining of the second paragraph reads:

> The latter purpose—

And this is an alternative.

> —may be effected by moving to omit all or most of the words of the question after the first word "That" and to substitute other words of a different import . . .

Indications are, from looking at the precedents, that in both houses on motions of this kind, which are to reflect the views of the house, generally wide latitude has been given to amendments. The object behind this trend is that the purpose of debate and the purpose of amendments is to try to arrive at a consensus. That has been the practice in the past in both houses.

While looking specifically at the rules as laid down in *Beauchesne's* and *Erskine May*, I also looked at what they considered to be non-admissible amendments. Upon reviewing the entire matter, it is my view that the amendment proposed by Senator Phillips is not inconsistent with the original motion, in that it does provide an alternative proposition to the original motion. It is not irrelevant, as it deals with the question of the closure of the base at Summerside. So, in my view, the amendment is in order.

Some Hon. Senators: Hear, hear!

Hon. M. Lorne Bonnell: Honourable senators, with all due respect for the ruling of the Chair, I would like to appeal the decision.

The Hon. the Speaker *pro tempore:* Shall the decision of the Chair be sustained?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

• (1500)

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the ruling please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators who are against the ruling please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker *pro tempore:* Please call in the senators.

• (1510)

The Hon. the Speaker *pro tempore:* The doors of the chamber will now be locked.

Speaker's ruling negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Macquarrie
Balfour	Marshall
Beaudoin	Muir
Bielish	Murray
Bolduc	Nurgitz
Chaput-Rolland	Ottenheimer
Cochrane	Phillips
Cogger	Poitras
David	Roblin
Doody	Rossiter
Doyle	Sherwood
Flynn	Simard
MacDonald (*Halifax*)	Spivak
	Walker—27.

NAYS

THE HONOURABLE SENATORS

Adams	Fairbairn
Austin	Frith
Bonnell	Gigantès
Bosa	Graham
Buckwold	Guay
Cools	Haidasz
Corbin	Hays
Davey	Hébert
De Bané	Kenny
Denis	

THE HONOURABLE SENATORS

Leblanc (*Saurel*)	Petten
	Robichaud
LeBlanc (*Beauséjour*)	Stewart (*Antigonish-Guysborough*)
Lefebvre	
Lewis	Thériault
Marsden	Turner—30.
Olson	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker *pro tempore:* By decision of the Senate the Speaker's ruling is overturned. Accordingly, Senator Phillips' amendment is ruled out of order and will be deleted from the order paper.

POINT OF ORDER

Hon. Jacques Flynn: Honourable senators, I rise on a point of order. I understand that the vote means that the Speaker's ruling has been overruled, but I cannot see that the vote necessarily means that the amendment is out of order. If the decision of the Speaker has been negatived and overruled, of course, that would be the consequence, but I have never heard of the majority declaring an amendment out of order. Just imagine, you say, "Because we are the larger number, you are out of order." That is nonsense. Anyway, if that is the result of the decision of the Chair, I would understand, considering the behaviour of the other side.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I am sure there are precedents for the vote having that result, but, in any event, I do not know how there could be any other interpretation. As I understand the principle, it is that the Senate decides that it is not necessarily bound by the rulings of the Speaker, that it reserves the right to overturn rulings and therefore retains the right to decide what is or is not in order by a majority vote. That is what has taken place. It is always the case, especially with the hotly fought questions, that a minority is not pleased with the result of the majority's vote, and I might feel the same way. That is the way the Senate works at the present time. It retains the right to decide finally, if it wishes, questions of order by a majority vote.

Senator Flynn: Could you change the rules of the Senate or anything by a majority vote?

Senator Frith: No. I did not say that. The rules are quite clear as to what is necessary in order to suspend the rules. That is another question. I do not know why this has suddenly become a problem for Senator Flynn. He has been here longer than I have. In the 12 or so years that I have been here this principle has been established and maintained on several occasions. It is very simple. As I just said, the principle is that the Senate reserves the right to decide questions of order by majority vote, and that is what has happened.

Senator Flynn: You cannot cite a precedent. If you can cite one, that is fine. A positive decision of the Chair, like the one which was made saying the amendment is in order, should not be overruled, to say that the amendment is out of order for that. You may only disagree with it.

Senator Frith: By not sustaining the ruling there can be no other result. That is just nonsense.

Hon. H.A. Olson: Honourable senators, when Senator Phillips moved the amendment to the motion of Senator Bonnell a day or two ago, it was questioned whether that was in order or

not, and the Speaker was called upon to make a decision as to whether the amendment could be put. The Speaker's decision that it could be has now been defeated by a majority vote in the Senate. How else can you interpret it, except the way the Speaker has indicated now, that the Senate has decided that that amendment was not in order?

Senator Flynn: That just underlines the nonsense of the majority decision.

• (1520)

Senator Frith: All you did was underline the nonsense of your interpretation.

[*Translation*]

Hon. Jean-Maurice Simard: Mr. Speaker, I am relatively new to this chamber, and I am still learning the ropes. I wish you would tell me whether this is a routine matter and how you interpret the vote that was just held as far as you yourself are concerned. Do you see it as a vote of non-confidence in the Chair? If not, perhaps both sides of the Senate should speak out and express their confidence in the Chair.

I wish you would tell us whether you feel the need for a vote of confidence, since your own colleagues, as it were, rose against you! It seems that to them, the majority—

Hon. Senators: Order.

Senator Simard: We were told before that the Speaker had to be a Grit and I think that is fine. I have no objections to your appointment as Speaker *pro tempore*.

However, I should like to know whether the other side still has confidence in the Chair, and especially how you interpret this vote.

Hon. Philippe Deane Gigantès: Honourable senators, we on this side are quite sure the Honourable the Speaker *pro tempore*, Gildas Molgat, is not one of those people who feel humiliated almost as a matter of course and make use of the word "humiliated" whenever they can.

He has a reputation. He has our love and respect, and he does not feel humiliated when one of his rulings is reversed. He is above that sort of thing. Only the small-minded feel humiliated.

Hon. Senators: Order.

Senator Simard: My question was not directed to Senator Gigantès but to you, Mr. Speaker. I would like to hear how you feel about this.

Don't bother, Senator Gigantès!

An Hon. Senator: Stop embarrassing the Speaker!

Senator Simard: I am not. Well, if that's how you feel about it, that's fine.

[*English*]

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD BILL

THIRD READING

Hon. Norman K. Atkins moved the third reading of Bill C-2, to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain acts in consequence thereof.

Motion agreed to and bill read third time and passed.

DEPARTMENT OF INDUSTRY, SCIENCE AND TECHNOLOGY BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Ottenheimer, for the second reading of the Bill C-3, An Act to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act and to make consequential amendments to other Acts.—(*Honourable Senator Marsden*).

Hon. Lorna Marsden: Honourable senators, yesterday Senator Balfour gave us a very rosy view of the bill we have in front of us this afternoon, Bill C-3, and explained clearly what it is the government proposes to do with its new Department of Industry, Science and Technology.

Much as I admire the way in which Senator Balfour presented this bill, I must say that I think there are significant problems with it which make it necessary for the Senate to examine it in great detail.

About a hundred years ago, in the Victorian era, in 1889, questions of public debate had a great deal to do with morality. There were debates about sobriety and temperance, about the proper role of women, about the sanctity of the family, and about orderliness in public and private affairs. Meanwhile, as history tells us, and as the people who lived in the Victorian era must have known, there was an excessive amount of drunkenness, of private squalor, of beatings of wives and children, of incest, and all the kinds of things that were being decried publicly. We look back and say those people were hypocrites, but, in the context of their prevailing morality, it was probably rather difficult for them to deal with the issues.

In 1989, in an era dominated not by those Victorian values but by the values of science and technology, a comparable hypocrisy is found in the public debate over science and technology. We have had major speeches by the leaders of this country and others, as well as moral exhortation, but hardly any hard look at our situation and much too little effective action. Bill C-3 is an example of this problem.

Senator Balfour explained the bill and its provisions. In doing so, he said:

> As the government's flagship economic department, ISTC is charged with ensuring our international competitiveness, primarily by bringing about a greater and more effective integration of our scientific, technological and industrial activities.

He talked about the importance of "better planning, smarter investment, management, innovation and domestic and foreign marketing."

A bill providing for a similar department was proposed in the last Parliament and died. It appeared to make no difference. The department has proceeded. It has needed no legislation. It is not a very convincing flagship of economic development. The department is apparently going forward with or without legislation, and now we have a bill again. I think we have to ask about this process.

In the early 1980s Dirk de Vos made an important study of microelectronics, in which he examined the European experience and brought back that experience for the benefit of Canadians. In his report he pointed out that a great deal had been learned about European governments on technological change with respect to microelectronics. He gave various examples, and concluded that, where innovation had occurred, it had been:

> . . . a function of the skills, vision and enthusiasm of key individuals in responsible organizations rather than of structures and committees. Mention of the critical role of individuals in key positions and of their qualifications and competence underlines a growing awareness that the implementation and delivery of government programmes is the Achilles heel of successful intervention. Governments know what to implement but not how to do it. The age old ploy of departmental and agency reorganization as a response to failure is simply not working.

Well, yet once again we have a departmental reorganization, and that is precisely what this bill is all about. Reorganization of this nature is comparable to putting curtains on the legs of pianos. It is not, I hope in this case, rearranging the deck chairs on the *Titanic*, but it sometimes has that flavour. It fails to deal with the major problems we face in science and technology in this country. The problems are many, but boil down to the weakness not of scientists but of the resources available to them in science and technology; not with an unwillingness of industry to use the products of science and technology but with a lack of investment and public infrastructure to enable industry to mobilize its resources. So we must ask what this bill does to advance the culture and understanding of science and technology in this country. I suggest that the results of this bill will do precious little.

What will it do to help Canadian industry in the area of research and development and science and technology? Well, all we hear is that this department will have a strong role within the government as industry's advocate on science and industrial issues and in coordinating the science and industry related activities of other federal departments, boards and agencies. But only yesterday we heard that the Department of External Affairs is to be renamed the Department of External Affairs and International Trade, so that we now have industry in a variety of places as it is affected by science and technology.

This bill, in effect, balkanizes science and technology in the public and private sector. It does this in several ways. Not only is regional development now divided between agencies for eastern Canada and for western Canada, which leaves this new department to deal with Ontario and Quebec, but there is also a national science dimension to this new department which is somehow to override the differences in regional development. Of course, the entire objective in the area of science and technology research and development is vertical coordination among those engaged in precompetitive, competitive and applied research. This bill does not further vertical coordination. In fact, it divides the responsibilities and the jurisdictions in the context of a global economy and competitiveness of international science and technology, of trade deals, and of trading blocks. We need common standards and we need access under patent and copyright rules to other markets and jurisdictions.

● (1530)

In fact, what this government is leaving us with is: (1) at least two federal departments squabbling over jurisdiction; (2) the Science Council, which is having its resources diminished although it has been the coordinating agency in doing a number of the things that this department is going to do; (3) the National Advisory Board on Science and Technology, chaired by the Prime Minister of this country, and with most of the leading players in this area represented on it, but whose advice is consistently ignored; (4) the National Research Council; (5) the centres of excellence; and (6) granting councils, all of which are to play a role in this area.

Meanwhile, while all of this constant reorganization has been going on and while the budgets of the government agencies have been cut, Canada has lost some of its major science and technology industries. For example, Lumonics was recently sold to a Japanese company; Connaught, which is a leading biotechnology company, is apparently going to be sold to a French company; and, of course, de Havilland has been bought by Boeing. While these losses have been due to lack of risk capital or other reasons, these sales have not helped science and technology in this country. It is not at all clear to us that this department would have made any difference to these sell-offs.

I will not take the time of the Senate this afternoon to review all of the dreary facts that are so familiar to us regarding Canada's record in research and development and in science and technology, but I would like to remind everyone that out of the $1.3 billion that the Prime Minister announced as "new money" for research and development last year almost half is going to this new department, which is composed of old programs. This $1.3 billion is less than the $1.6 billion that was cut from transfers over five years for post-secondary education as a result of Bill C-96. So, in the area where a great deal of precompetitive research is done, that is, in post-secondary colleges and universities, there have been substantial cuts.

Second, there has been a cumulative $20 million cut from the National Research Council, which used to be this country's great and leading agency in this area. And the base budgets of the research granting councils—the Medical Research Council, the National Sciences and Engineering Research Council, and the Social Sciences and Humanities Research Council—have been frozen for the last three years. When you include an

inflation factor, their funding levels have been reduced despite nominal increases announced by the federal government.

The government is ignoring advice from the National Advisory Board on Science and Technology. For example, NABST has recommended that the council should have its base budgets doubled. According to Statistics Canada, federal expenditures on research and development, as a percentage of all research and development done in Canada, have steadily fallen since 1984, from 37 per cent in 1984 to 30 per cent in 1988. Despite all of this, the Prime Minister was in Halifax last week talking about the vital importance, the priority, of science and technology, and now we have this bill which, once again, promises no relief.

So how will this new department help the sad situation? How can people who are very fine public servants in this department and elsewhere in the science and technology area, even with the best will in the world, work effectively in this balkanized, feebly supported and hemmed-in environment? It seems to me, honourable senators, that these are the questions we must put to witnesses on this bill. In examining this rather limp approach to the development of science and technology in Canada we must keep firmly in mind the problem of managing change in this era of technological revolution, the vital necessity of rapid innovation and development, which is pointed out to us again and again by authorities all over the world and in this country.

The development of science and technology with our trading partners is an essential question we must look at. The socioeconomic consequences of the management of change are vital to us. Whether or not a rejigged federal department in the area of science and technology is the best Canada can do is the larger question that must be debated in the context of this bill.

Therefore, honourable senators, I urge you to have a careful look at the provisions of this bill in order to assure yourselves that this is the best that can be done at the present time, before we pass this bill into law.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if the Honourable Senator Balfour speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. R. James Balfour: Honourable senators, I listened with interest to my colleague Senator Marsden's remarks, which were clearly thought out and on a subject on which she possesses a depth of knowledge. As I indicated yesterday, it is my intention, in closing the second reading debate, to move that the bill be referred to the most appropriate committee for further study, namely, Senator Marsden's committee, the Standing Senate Committee on Social Affairs, Science and Technology. It would be my hope that that committee could elicit from the minister and from the officials involved the answers to those serious questions that she has raised.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Balfour, seconded by the Honourable Senator Walker, that this bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology. Is it your pleasure, honourable senators, to adopt the motion?

On motion of Senator Balfour, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bolduc, seconded by the Honourable Senator Doyle, for the second reading of the Bill C-17, An Act to amend the Customs Tariff.—(*Honourable Senator Buckwold*).

Hon. Sidney L. Buckwold: Honourable senators, first of all, I should like to thank Senator Bolduc for introducing this bill in a very reasonable and concise way, and I agree with him that most of the bill is routine, but it is such that it deserves careful consideration by the Senate.

Bill C-17 provides a legislative authority for Customs Tariff changes as outlined in the budget. The measures fall under four areas, as we have heard. Importers are to have 12 additional months to submit requests that tariff rates, which were in effect before the recent harmonization exercise, be restored. A number of goods and products, which previously entered into the country duty-free as a result of duty remission by Order in Council, will now have their remission orders converted to statutory provisions in the tariff.

There are some very interesting products that will be affected, one of which is duty-free blinders for pheasants.

Senator Doody: Not "peasants" but "pheasants"?

Senator Buckwold: Pheasants. The peasants will come later, when the government recognizes that the people of this country should not be paying duty on blinders when, in fact, that is what the government policies seem to require.

Senator Frith: And when the national sales tax reduces us all to peasants.

Senator Buckwold: These are the little bits of humour you will get on an otherwise dry subject.

• (1540)

A diverse and eclectic assortment of products will have their duties removed, in response to requests from the private sector. The government's decision to make statutory relief in certain cases of remissions that have been in effect for a number of years is a move that shows respect for Parliament. It will mean that Parliament will be granting remissions, rather than cabinet through orders in council. The government's recent abuse of Governor General's warrants to meet its spending needs

shows us that this government does not hesitate to bypass Parliament when it suits it. Some of us are delighted to see that, at least in this bill, Parliament's primary responsibility will be recognized.

Honourable senators, these are some of the rather simple parts of the bill. However, like many bills that seem simple on the surface, there is one aspect to it that I think deserves further consideration. I refer to clause 25, which seems innocuous enough and which reads:

> Code 9956 in Schedule VII to the said Act is amended by striking out the words following paragraph (*d*) thereof.

On the surface, as I say, it seems innocuous, but when you get into it you find that it refers to goods or publications deemed to be pornographic, hate literature, and goods or publications deemed to be seditious or treasonable under the Criminal Code.

The present legislation allows the customs department to make decisions regarding the admittance or banning of such goods or publications into Canada as those aforementioned. Nobody argues with that. But the Customs Tariff prohibition on the importation of pornographic materials is being proposed without the government's really coming to grips with the definition of "pornography" and some of the other items of concern to those who worry about censorship. Honourable senators, I am not talking now of obscenity as such, but of literature that some bureaucrat might decide should not be allowed into the country.

This brings to mind the case of Salman Rushdie and his famous book, *Satanic Verses*. This particular power of the bureaucrats in the customs department enables them, on their own, to stop a publication from entering into the country. I am not suggesting that is good or bad, but it does give a great deal of power to the people who make that decision. In the society in which we live there is some concern about that kind of power.

The change proposed in this bill is as follows: Up until now there was an annual obligation on the part of the government to request of Parliament the re-enactment of this legislation. That is the present provision, and I think it was included wisely, because Parliament wanted to look at how the law was being legislated, how it was being operated, and the kind of effect it had.

The passage of Bill C-17 would mean that the legislation would not be reviewed annually by Parliament, nor would Parliament have the opportunity to consider the implications of the law during that year. Bill C-17 makes the legislation permanent. There is no annual review, and, to many, this may be quite acceptable. To some groups, however, and this has been expressed publicly, the matter is of concern. It could also be argued that the whole approach to the treatment of this kind of material is open and that there could be more responsible ways in which to handle this difficult and distasteful problem.

Honourable senators, this raises the whole question of acceptable community standards and the general power of the bureaucrat to make decisions in that regard. So here we have inserted into this rather straightforward tariff bill a clause about which there has been some expression of concern.

I might add that the bill itself, according to the wording of clause 26, "shall be deemed to have come into force on April 28, 1989." What I am saying to my colleagues is that the bill is actually in force now.

Honourable senators, if this bill goes to committee, as I expect it will, I suggest that the committee look at this aspect and give people the opportunity to be heard. If there were any delay in doing so, it would not hold up the implementation of this bill. It is in effect now, and I am sure the committee would like to pay the proper regard to a clause that brings with it such serious implications as those I have outlined with respect to clause 25.

Motion agreed to and bill read second time.

[*Translation*]

REFERRED TO COMMITTEE

The Hon. the Speaker*pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Bolduc, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

THE ESTIMATES, 1989-90

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) ADOPTED

Leave having been given to proceed to Order No. 9:

The Senate proceeded to consideration of the fifth report of the Standing Senate Committee on National Finance (Supplementary Estimates (A) 1989-90), presented on Tuesday, June 27, 1989.

Hon. Fernand-E. Leblanc: Honourable senators, I do not have much to add to the committee's report because in a few minutes we shall discuss the report on Bill C-35 when the bill is presented to us. I move the adoption of the report.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*English*]

APPROPRIATION BILL NO. 2, 1989-90

SECOND READING

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill C-35, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1990.

He said: Honourable senators, this supplementary supply bill deals with the $436 million worth of Supplementary Estimates proposed by the Department of Agriculture for a drought assistance program. As Senator Leblanc has just indicated, the Estimates were examined by the Standing

Senate Committee on National Finance on June 21. When the bill is approved by Parliament, it will allow the Department of Agriculture to make payments, before the end of July, to assist Canadian producers for crop losses due to drought conditions in 1988.

• (1550)

The Standing Senate Committee on National Finance examined in some detail this particular vote and heard witnesses from the Department of Agriculture and Treasury Board. This piece of legislation is highly commendable and is one which I hope the Senate will see fit to pass.

Hon. Hazen Argue: Honourable senators, on behalf of the Official Opposition, I am glad to speak in support of this measure.

This drought payment is very urgent and much required. It has been a long time coming. The announcement that there would be a payment was made just before the election. It was announced that the total payment would be in excess of $800 million. Rosetown, Saskatchewan, was used as an example, and a farmer in that area with a total crop failure would receive a payment of as much as $47 an acre. Because of that announcement, and the way it was made, many farmers went to their banks and obtained loans and financing based on that substantial payment that was expected.

Now we are seeing the culmination of this commitment, and it is being fulfilled. Since November there have been many periods of uncertainty, especially when the government introduced appropriation for only roughly half of the $800 million. That uncertainty has prevailed for a long time.

There was another difficulty. When the forms were mailed to the many thousands of grain producers, they were given only three to five days to submit their applications. Obviously, that was not enough time. The minister has since said that that occurred because of a breakdown in the printing of the forms. In any event, the minister did take action to postpone the time for acceptance of applications. Therefore, all producers, I believe, have had ample opportunity to make their applications and receive consideration.

The government is asking us to approve this second payment. They are still endeavouring to negotiate a contribution from the provinces. When the initial announcement was made, the minister in charge said that the provinces were going to cooperate and supply funding for this drought payment. The provinces have no formal commitment, because I believe they were not adequately consulted. Therefore, they have given no public indication that I know of that they are going to come forward with very substantial sums of money to support this program.

There is still a great deal of criticism and uncertainty about the program, because the unit basis on which the moneys are being paid is a township of land. A township of land is six miles by six miles. All of us know that when the rain and hail storms come, those storms have no respect for township boundaries. Within a township there may be farmers who have had a moderately decent crop and there may be other farmers who have had a very poor crop—in other words, a failure.

It seems to me—and I put this proposition to the minister—that there could have been some further fine-tuning of the unit on which these moneys are being paid. In the old PFAA, while there were many things wrong with it, they were able to split a township, add on sections, and bring about, by way of the kinds of payments that were made in relation to the yield of the crop, a greater measure of fairness and equity.

These payments will be welcomed. They are especially needed now. While the government is fulfilling its commitment under this progrm with regard to drought assistance, other action by the government has put in jeopardy many of the programs that have been helpful to western Canada.

When farmers receive their cheques in July, they will be aware that the government has introduced legislation in Parliament to remove the interest-free cash advances which have existed since John George Diefenbaker was the Right Honourable the Prime Minister of this country and took steps to bring about that kind of needed legislation. I think there will be a large outcry in western Canada against the discontinuance of interest-free cash advances. This year those cash advances will be required more than ever, not only for the individual farmer but for the business community and the economy of western Canada.

The basis of public financial support for this program is still uncertain. The government has not been able to obtain a commitment from the provinces for a substantial share of these funds. However, I do hope that these payments will be made, as the minister has said, before the end of July. The farmers have been waiting a long time and they will be happy to receive their payments in the mail.

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if Senator Doody speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I expect this bill will receive second reading and will then be adjourned for third reading possibly today or at the next sitting of the Senate.

Before Senator Doody closes the debate, I should like to say that we have observed a general rule in the last few years that all bills must receive committee consideration, even if that sometimes means Committee of the Whole. However, it is unlikely that anyone will propose that this bill go to committee, because there is a well-established principle that, if it is an appropriation bill that is asking for an appropriation based on Estimates that have been tabled, sent to the National Finance Committee and reported by that committee, we do not then send the resulting appropriation bill back to that committee unless there is some complaint about irregularity in the proceedings that led up to the appropriation bill.

This intervention is to draw the attention of the Senate to the fact that the committee report does raise such a concern. On page 2 it says:

> There was a separate issue raised that these Supplementary Estimates (A) were being requested before the Main Estimates were approved. A similar situation arose in March 1987 at which time the government claimed it was following the supplementary estimates route rather than including the full amount in the Main Estimates because it needed all the money before the Main Estimates would be approved. While it might have been possible to have obtained the full amount through interim supply, it would have eliminated the opportunity for Parliament to have examined the request before it was approved. At that time, this Committee reported as follows:

Then it reports that point. On the top of page 3 it states:

> Officials from the Treasury Board agree that the Committee's proposal is the proper procedure but that this case was different; at the time of drafting—

● (1600)

So there is that slight blip on the normal procedure, namely, Estimates, reference to the Finance Committee, report for Finance Committee and appropriation bill. That is totally regular. In this case the officials accepted that there was this slight irregularity, and we can assume that they will not make a habit of it.

Hon. H.A. Olson: Honourable senators, I will not keep the chamber long on this, but it just occurred to me that I should at least rise long enough on Bill C-35 to say, first, that the arguments advanced by Senator Argue are valid; and, second, that there is a great deal of concern about the way the government is, and has been, attempting to administer the provisions under the drought program that was announced just before the election on November 21.

One of the other problems, honourable senators, is that the committee evidence taken before the Standing Senate Committee on National Finance will not be ready for several days or weeks, but we will probably receive the Senate *Hansard* tomorrow or the following day. Nevertheless, people should know that the Minister of Grains and Oilseeds, Mr. Mayer, declared before the committee that the administration of this program was faulty. Furthermore, that was known before the program was started because of the method to be used to collect the data on which applications would be received.

There was also a great deal of confusion with respect to the levels that producers could expect from this program. There were three categories: severe, moderate and slight. The government was waiting for data to be collected by the crop insurance administration located in each of the provinces before they could decide who would be eligible to make an application for the program. Not only that, but they then ran into the problem that in some areas too few crop insurance applications were made. In spite of waiting for several weeks, and in some cases months, to make that determination from the crop insurance records, when the applications did come in, they did not adequately cover the areas or townships involved, so they had to look for other methods.

The minister declared that he knew that the system was not satisfactory and that there would be a lot of dissatisfaction with the program, because farmers did not know whether they were in a moderate or severe area. What is worse, in the many cases I know of, farmers could not even get an application form to apply for drought assistance. So if farmers were not on the list that the PFRA put together they did not get an application form. They could not even find someone who could give them an application form, if they were not on that list, even though they made an effort to obtain an application form.

I wish to tell the government that there has been an unsatisfactory administration of this program. All of this will show up in the evidence that was taken at the committee, where the minister responsible admitted that the program was unsatisfactory. I wish to inform you of this because we probably will not have those committee reports for quite some time.

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if Senator Doody speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I wish to add one thing to Senator Frith's observations concerning the form that we usually observe with regard to supply bills. He is absolutely correct. The one blip that we have had this year, which he has called to our attention, was spotted earlier by our vigilant and conscientious Finance Committee, under the chairmanship of my good friend.

Senator Frith: You could add, "who was well trained by a former chairman of the committee who is on his feet at the moment."

Senator Doody: What a lovely man!

The situation was similar to the one Senator Frith quoted a while ago, but not exactly the same. In this particular instance half the amount was in the Main Estimates and the other half was hoped to be contributed by the provinces. Hence, they did not need the full amount in the Main Estimates.

As we got closer and closer to the deadline for payment, as honourable senators opposite have pointed out, and the farmers became more and more restless and more and more anxious to get the money which they had been promised, the Government of Canada decided that it would be best if it came to Parliament and asked for the other half of the money now and tried to collect from the provinces later on. Some senators were cynical enough to suggest that that might not happen and that the provinces might not be forthcoming once the money was spent by the Government of Canada.

Senator Argue: What would you do?

Senator Doody: As a former provincial minister, I said that this was nonsense and that the provinces would be more than happy to contribute to this worthwhile cause.

Senator Olson: What one is that?

Senator Doody: Senator Olson, just relax. I do not want to get you excited this afternoon. You are in a great mood. You

have been most pleasant all day today, and I do not wish to disturb you at all.

Senator Argue: He has your number, Senator Olson!

Senator Doody: I did not share the opinion of Senator Olson that the minister told us that the plan was an imperfect one and poorly administered. I thought he told us that it had started off with a lot of problems, which they had largely succeeded in correcting. He is much more satisfied—

Senator Olson: I did not hear him say that.

Senator Doody: —with the administration of the program now than he was at the beginning. He admitted that there were many imperfections at the start, but it was important that they get the program going for the obvious reasons that honourable senators opposite have pointed out.

Honourable senators, I will not take any more of your time. I thank you for your attention to this matter, and I am pleased to have the bill given second reading. I suggest that, if it meets with the concurrence of the Senate, we try for third reading of the bill at the next sitting of the Senate.

Motion agreed to and bill read second time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CANADIAN ENVIRONMENTAL PROTECTION ACT

BILL TO AMEND—SECOND READING

Hon. Mira Spivak moved the second reading of Bill C-22, to amend the Canadian Environmental Protection Act.

She said: Honourable senators, I am pleased to introduce to the Senate Bill C-22, to amend the Canadian Environmental Protection Act. This bill represents an administrative amendment to this legislation, but an amendment which nonetheless carries considerable importance in our domestic and international efforts to limit the spread of toxic substances and to control their devastating effects on human health and the environment.

• (1610)

Bill C-22 proposes very simple and straightforward amendments to sections 33 and 34 of CEPA. These amendments are required in order to ensure that the intent of Parliament in originally passing the legislation can indeed be met. Sections 33 and 34 of the act, as they are currently worded, provide authority to regulate toxic substances, but only after they have been listed in Schedule I of the act by order of the Governor in Council. But when the act was passed by Parliament in June of 1988, it already contained a list of nine substances in Schedule I of the act. These substances were the same as those that had previously been regulated under the old Clean Air Act and the Environmental Contaminants Act. They were included on this schedule in response to requests by the public and by members of Parliament that every opportunity be taken in the legislation to ensure that pre-existing regulations would continue in force under the new act.

The result, however, was that these nine substances were added to Schedule I of the Canadian Environmental Protection Act by Parliament, rather than by the Governor in Council.

Honourable senators, this is a complex piece of legislation. During parliamentary review of Bill C-74 over 250 changes were proposed by the House and by the Senate, and approximately 150 amendments were made to improve the bill. Throughout its review Bill C-74 was subjected to very close scrutiny by parliamentary committees, by the House of Commons and by the Senate. Nevertheless, this simple error was missed by all.

Because of this drafting error Parliament failed to meet a necesssary precondition when it placed the nine substances on Schedule I of the act. As a result, the existing regulations cannot be amended and new regulations cannot be made for any of these nine substances. In addition, the enforceability of the regulations for these nine substances was thrown into question. While the intent of Parliament was very clear and very appropriate, it cannot be supported by the existing wording of the legislation.

The Minister of the Environment was advised of this anomaly in the legislation by officials of the environment and justice departments in February 1989. While the initial implications were not completely clear, the minister directed both departments to carry out an immediate and exhaustive review of the possible repercussions and of all possible corrective actions. It soon became apparent that the only viable solution to the immediate problem of enforceability was for the minister to issue interim orders to replace each of the affected regulations. This was quickly done, and the nine interim orders were issued on February 20, 1989, and published in the *Canada Gazette* on March 9, 1989.

Interim orders under CEPA have all the authority of a regulation but expire within two years of being issued. They are, therefore, at best only a temporary solution. Also of concern is our current inability to strengthen existing regulations or to establish new regulations for any of these nine toxic substances. As an example, the Government of Canada is committed, under the 1987 Montreal Protocol for the protection of the ozone layer, to put in place new chlorofluorocarbon regulations by July 1, 1989. These regulations have already been published in Part I of the *Canada Gazette* and have been reviewed by the interested public and by the affected industries. We are now ready to proceed with final gazetting of the regulations but are prevented from doing so by this anomaly in the legislation.

Honourable senators, the proposed amendments currently before the Senate will permit substances to be added to Schedule I of the Canadian Environmental Protection Act by Parliament, as well as by the Governor in Council. In this way the amendments will legitimize the current Schedule I and all of its associated regulations. They will also clarify the relation-

ship between section 33, additions to Schedule I, and section 34, regulations of the act. As a result, the Governor in Council will be able to make new regulations and amend existing regulations for any of the substances already on Schedule I of the Canadian Environmental Protection Act.

Parliamentary study and approval of the Canadian Environmental Protection Act is exemplary in terms of the contributions and cooperation of all parties in establishing a new environmental ethic for Canada. I would therefore ask the Senate to continue that tradition by moving swiftly to approve Bill C-22, thereby correcting the legal technicality now inhibiting Canada's actions to control CFCs and to meet its international commitments to protect the ozone layer.

Your prompt consideration of this bill will allow Canada to meet the July 1 international deadline for action on CFCs. Your prompt consideration of this bill will also allow the Department of the Environment to continue its efforts to re-evaluate and strengthen the regulatory controls for the nine toxic substances already listed on Schedule I of the Canadian Environmental Protection Act.

Finally, honourable senators, your prompt consideration of this bill will ensure that the original intentions of the Parliament of Canada with respect to the Canadian Environmental Protection Act can now be met.

Hon. Colin Kenny: Honourable senators, when CEPA first came before this chamber last winter, we were very concerned about weaknesses in the bill and the vague and confusing language of its provisions. Bill C-22 is a first small step to clean up the Canadian Environmental Protection Act. I thought that Senator Spivak gave the chamber a clear and concise description of what the bill will accomplish. It was my intention to spend a few moments doing just that for honourable senators present, but, in light of Senator Spivak's clear description, I do not think that would be productive.

I would like to say, however, that the Montreal Protocol was signed almost two years ago, in September of 1987, and that CEPA has been in force for a year now, since June 30, 1988. I would also like to say that, in my opinion, the government has been very slow in cleaning up the sloppy wording in the act.

I also wish to remind honourable senators that Bill C-22 does not go far enough in fixing up the Canadian Environmental Protection Act to make it a truly useful piece of legislation. The act does not give the federal government the power to issue enforceable national standards. Those of you who have been following the questions I have been pursuing here in the chamber will know that we have a patchwork quilt of regulations across this country and no assurances that, in fact, we have any sort of standards other than from province to province.

Members of this chamber should also be aware that CEPA only allows the Minister of the Environment to seek injunctions to prevent violations of the act. Canadian citizens, however, cannot do that. This is an area that we have raised previously. I still strongly believe that the act should be amended in that respect. Finally, the act does not contain a general prohibition clause to ensure that any release of toxic substances is a violation of the act.

Honourable senators, I am disappointed that Bill C-22 does not cover the items I have mentioned. I believe, however, that, as Senator Spivak has said, Bill C-22 is a necessary amendment. The current legislation clearly contains a "Catch-22" that cannot be overcome without legislation of this sort, and I therefore intend to support this bill.

• (1620)

Hon. H.A. Olson: Honourable senators, I support the bill in general, but I am wondering whether Senator Spivak would be willing to answer a couple of questions about the bill?

Senator Spivak: If I can, I will certainly do so.

Senator Olson: I wonder if the amendments to the Canadian Environmental Protection Act contained in this bill are the ones that the Premier of Alberta is particularly worried about? He is worried that the federal government will set up rules and regulations with regard to the environment, particularly dealing with toxic matters, that will affect the development of some pulp mills that are to be established in Alberta in the next few months.

Senator Spivak: I am not familiar with the concerns of the Premier of Alberta. I suspect that you are talking about the concerns expressed during the Western Premiers Conference. This bill was struck to correct what was a technical error in not permitting regulations to be carried forth with regard to certain toxic substances. I do not think it addresses the kinds of things that the honourable senator is speaking about with regard to pulp mills.

Senator Olson will recall that the Department of the Environment recently released a report dealing with violations of the Canadian Environmental Protection Act by pulp and paper mills. From what I can gather from newspaper reports—and I believe they are accurate—and from some of my dealings with regard to this bill, the minister has said that he will move quickly to ensure that pulp and paper mills conform to the law. At the moment there are many pulp and paper mills that do not conform to the law. It is my personal wish that pulp and paper mills in Alberta, or anywhere else in Canada, would conform to the national standards to protect citizens from all the furans, dioxins and other effluents presently coming out of pulp and paper mills as byproducts of waste water.

I do not know whether I have answered the honourable senator's question, but the information I have given is to the best of my knowledge.

Senator Olson: Honourable senators, it is very helpful to have the Minister of the Environment declare that he will apply these standards to all the pulp and paper mills across Canada.

Senator Spivak: That is my understanding.

Senator Olson: I had understood that there was some grandfathering to give certain mills more time. The difficulty arises when you allow those mills to continue and you then apply more stringent rules to new mills coming on. Alberta has some

pulp mills, but not very many at the moment. For example, the first clause of this bill allows the federal government to make an order adding substances to the list of toxic substances in Schedule I. These regulations may in fact deal with pulp mills and may exempt the ones in existence now to prevent chaos in the industry. If Senator Spivak is saying that these rules will apply to all mills, whether they are in existence or whether they are new ones coming on, I think it would give some comfort to the situation.

Senator Spivak: Honourable senators, I cannot speak for the minister, but it is my understanding that the system under the Canadian Environmental Protection Act involves several ministries, including the Ministry of Health, the Ministry of the Environment and an advisory council. Toxic substances are put on a priority list and screened for approval to appear on Schedule I. I am not certain in speaking here today that the substances we are speaking of are the same ones as those coming out of pulp mills. I know, generally, that currently many pulp mills are in violation of regulations, according to a report published by the Department of the Environment recently, and that the minister has stated that he will move quickly to ensure that pulp and paper mills conform to regulations contained in the Canadian Environmental Protection Act. It is devoutly to be wished that that would happen, because we do not want to endanger any of our citizens by any of the waste products from any of our industries. I am sure we all agree on that point.

Senator Olson: Honourable senators, I agree that we should have standards and that they should be high, but they must also be reasonable. I am concerned, but I think I have some assurance from Senator Spivak that she will insist that the rules be applied to all mills, and that they do not discriminate against a region that is just developing its pulp and paper industry by setting higher standards and thereby increasing costs of production.

Senator Spivak: Honourable senators, I certainly cannot speak for the ministry at this point on such a general question. Personally, it is my devout hope that the standards will be the highest possible. As demonstrated by other countries, it is possible to have a very healthy forestry industry with a minimum of toxic substances from what is called the oxygen process, or whatever it is that the pulp mills use to bleach their pulp so that it becomes whiter. I can only hope that Canada will follow the examples of some other countries in establishing the absolutely highest standards for the industry. Certainly, it does not seem to hinder the profitability of that industry. That is my view.

Senator Olson: Honourable senators, it is comforting that Senator Spivak is giving us an undertaking that mills across the country will be treated the same.

Senator Spivak: Certainly, I can give my undertaking, for what it is worth.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Spivak, bill referred to the Standing Senate Committee on Energy and Natural Resources.

CANADIAN EXPLORATION AND DEVELOPMENT INCENTIVE PROGRAM ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Duff Roblin moved the second reading of Bill C-19, to amend the Canadian Exploration and Development Incentive Program Act.

He said: Honourable senators, as in the case of all other bills, some words of explanation with respect to the principle and the effect of this piece of legislation may be appropriate at this time. I suppose most of us are aware that this bill takes its origin from the budget that was delivered in the other place, or that was delivered somewhere or other, on April 26 last.

Senator Olson: And on April 27 and 28.

Senator Roblin: It is part of the fiscal plan and the deficit fighting plan that were introduced to the Parliament of Canada at that time.

I should point out to honourable senators that Bill C-19 amends the Canadian Exploration and Development Incentive Program Act, which received the concurrence of Parliament and Royal Assent about two years ago. I think it was June 10, 1987, that it came into force. That bill was targeted on a very specific problem. At that time the price of oil was around $10 per barrel, and there had been serious problems in employing the people engaged in drilling exploration in western Canada and elsewhere. It was thought at that time that the situation might be improved for those people if the government were to bring in a system of subsidies for drillers, which, in fact, was the intent of the original legislation of two years ago.

That subsidy began by making grants of 33.3 per cent for certain expenses involved in drilling and exploring for oil and gas. That percentage was later reduced to 25 per cent in October 1988, and the intention was to reduce it to 16 2/3 per cent by about the present time. The fact is, however, that the original legislation is being terminated earlier than had previously been expected. Under this bill it is being terminated about seven months before it was originally intended to expire, except for certain grandfathering provisions that will take care of the interest of people engaged in drilling, who have entered into certain undertakings with the government with respect to that activity and who may expect to have their grants continued under this grandfathering proposal.

• (1630)

Honourable senators, Bill C-19 is a short piece of legislation. It is one page long and has two clauses. One clause is to limit any further subsidies from April 24 of this year to certain grandfathering claims, to which I have already referred. The other clause is to bring the entire program to an end on December 31, 1989—that is, the end of this year.

As I have said, the reason for the original program was to provide a temporary stimulation of exploration and development of oil and gas. That was considered to be desirable after the fall in oil prices some two years or so ago to about $10 per barrel. They had formerly been as high as $30 per barrel.

Looking back over the operation of this piece of legislation, it could be described as reasonably successful. There has been $1.25 billion committed during the life of this program and, in fact, the costs that have been run up under the legislation are considerably more than those originally anticipated; I think they are about 30 per cent more. The money was distributed to drillers and explorers for oil and natural gas.

One way of looking at how the money was distributed is to distinguish between larger companies and smaller companies. Larger companies are those which are spending more than $10 million a year on exploration, and, in fact, they constitute that group of companies that provide 74 per cent of all the exploration and development activity in the country. These larger companies received about 41 per cent of the grants. The smaller companies—the remainder—account for about 26 per cent of the exploration and development activity in this field and they received about 59 per cent of the grants. Of course, we are all aware that there are a great many more of them and some of them were engaged in relatively small activities as compared to the larger companies.

It is fair to say, I think, that an effort was made to distribute the grants that were made available under the legislation in a reasonable way with respect to the industry. Of course, that is always a highly debatable question on the part of those who are receiving the grants, because they all have a specific interest which they would like to see fully recognized. Unfortunately, it is hard to devise a program that satisfies everyone.

Notice was given in November or December of last year that the current legislation would be terminated at the end of 1989, but the budget of April 26 brought the program to a halt some seven months before it was thought the legislation would expire. I guess it is only to be expected that those who are affected by this change of plan have their concerns about it, and I would be less than candid if I did not tell the Senate that those concerns have been expressed in the hearings before the committee of the other place, where the representatives of the small drillers, in particular, took exception to the fact that this legislation was brought to a premature end. They pointed out—and I think it was appropriate that they should do so—that, even though the price of oil has increased to around $20 per barrel, which is about double what it was when the program was instituted, 1989 has not been a good year so far for drillers.

You can speculate as to why that should be the case. It may be that the reorganization of the oil industry, which has been taking place quite rapidly in the last few months, has something to do with it. A number of companies are selling off certain of their oil and gas assets to other companies and it is quite probable that that change in the mix of assets and in the activities of these companies has something to do with their keenness, or lack of keenness, in getting into drilling at the present time.

However, it is only fair to say that the drillers are still having a hard time even though the price of oil has gone up roughly to $20 per barrel. I hope and I believe that that will be no more than a temporary phenomenon. Certainly, they are entitled to our concern in this matter, but it comes down, as these things usually do, to a question of priorities. It is not what you would like to do but what you feel you must do under certain circumstances. It seems to me that when we do consider this program in the light of the priorities of the government, then the problems of an unbalanced budget certainly must be considered very important. I think that is probably the reason why this amendment is before the chamber. The simple fact is that, in order to deal with at least some aspect of our deficit problems and of our financial situation in the country, this program is considered to be one that could be dispensed with. The saving to the public is thought to be about $80 million, and I think that is sufficiently significant that it should count in any deficit reduction program.

The choice, particularly from the point of view of the industry, is a hard choice, but in the national interest I think it is one that will be defended as being what ought to be done under the present circumstances.

Honourable senators, at an appropriate time I will be prepared to discuss the observations made by the representatives of the industry who appeared before the committee of the other place, but I think I have probably said enough to outline to this house the purpose of this bill, the facts that lie behind it and the policy that it is expected to express. With those comments, I suggest that the bill either proceed to second reading before the adjournment takes place or, if that is not thought to be suitable, be referred to committee and be studied at greater leisure at another time.

Some Hon. Senators: Hear, hear!

Hon. H.A. Olson: Honourable senators, Bill C-19, as Senator Roblin has just described, is for the purpose of completely phasing out the provisions of the incentives program as of June 30 rather than as of the end of 1989.

Senator Roblin: April 24.

Senator Olson: Perhaps it has been completely phased out, but my understanding was that some additional changes were to be made which would completely phase out the expenditures, or at least the commitment of expenditures, as of June 30 rather than December 31.

In any event, this is a very hard blow to the drilling and service sectors of the oil and gas industry. Senator Roblin more or less dismisses this as if these people need to take some blows or pay a portion in terms of the fight with respect to the deficit. However, the fact of the matter is that when the Minister of Energy, Mines and Resources introduced this bill in the House of Commons on June 5, he said:

> What of the health of the oil and gas industry itself?

● (1640)

He was asking that of himself in his speech, and he answered:

> Clearly all is not completely rosy out there in the oil patch. The first quarter of this year was one of the poorest quarters of drilling activity in recent years;

So it is not that it is just a little bad or slack out in the oil industry. It is the worst quarter in recent years. This is the time when the government chooses to break its word. How in the name of common sense could they announce some time late last year—except, I suppose, for the purpose of publicity for the election—that they were going to carry the program on until the end of 1989 and then, early in the new year, when the Minister of Finance was putting his budget and his austerity program together, decide to phase out this program completely, with no notice at all?

Using the numbers that you have used, the companies with more than $10 million involved in drilling activity produce 74 per cent of the activity. Perhaps. However, I will tell you that the 26 per cent that are left, which produce the rest of the activity, probably have ten or fifteen times as many companies involved. There are only three or four giants left in the industry. That is all we have. There is Imperial Oil, or, as it is now called, Exxon, taking over Texaco and the other acquisitions that it has made. So we have one supergiant there. Then we have Petro-Canada, about which we hear some rumours that this government is going to privatize as well. Although that has not come up yet, it looks like that fits in with the philosophy of the government. However, that is not the argument I want to make now. The argument I want to make is that there are virtually hundreds, scores at least, of smaller drilling companies and service companies to the oil and gas industry that are going to be crippled.

It is a matter of $80 million, as has been pointed out, of government subsidies, but the estimate is that it will kill about $450 million of drilling and service expenditure in the oil and gas industry. So it is a violation of what was promised last fall. It is the government dismissing the oil drilling sector at the worst possible time. I think it is a display of insensitivity toward this industry that is really intolerable. However, I know that whether we pass this bill now, before the summer recess, or not, the government can withdraw the funding from the program and that will be more or less the end of it.

I should like to suggest to Senator Roblin that we probably need to send this bill to the Energy Committee and that, subsequently, we should call in some of the people from the drilling and service industry, particularly those that were in the category of smaller than $10 million, and find out what kind of devastation it is going to wreak in that industry.

This bill is really surprising, because this is the one sector for which this government thought they had done a great favour when they phased out all the provisions of the National Energy Program. Those people are now starting to find out what you get from the kind of government that follows the philosophy that this government does. It is bankruptcy—and bankruptcy without notice. In fact, it is a complete violation of what they announced only a few months ago.

Honourable senators, I just do not believe that the Minister of Finance and his officials, along with the rest of the cabinet, did not know that there was a problem building up of the severity that the minister finally admitted on April 26. They knew very well back in October and November, when they announced the continuation of this program until the end of 1989, that there was a severe problem with respect to the deficit and all its consequences.

In my view, that is deception of the worst kind. It is not fair to the people who are involved. They will use some pretty rough language when they describe what is happening here, because their entire income—in many cases their entire life savings, which are in those smaller companies—will evaporate. I think it is a disgrace. And that language is not too strong to use about a government that would act in this way, making those kinds of announcements at a time when they knew very well that they were going to have to enter into the most severe austerity program we have seen in recent history. I do not think that the excuses that have been given here, such as the fact that they have to bear their share of it and all of that, are adequate when there was such a somersault, if I may call it that, in what they said.

As I said a moment ago, they knew back in November and October that this was going to happen, if they were following events, and I assume that at least their officials were. Why in heaven's name did they make the announcement that this program was going to carry on until the end of 1989?

Well, I am not going to say more about it today. I am going to move the adjournment of the debate for today, but I want to give notice that we ought to send this to the committee so that we can hear from some of those people. Perhaps a day or two after September 25, when the Parliament of Canada reconvenes, these people will have had enough experience with this that they can come to Ottawa and reveal the consequences of this kind of action.

Senator Roblin: Honourable senators—

The Hon. the Speaker *pro tempore:* I wish to inform the Senate that if the Honourable Senator Roblin speaks now his speech will have the effect of closing the debate on second reading of this bill.

Senator Olson: I thought I had moved to adjourn the debate to the next sitting.

On motion of Senator Olson, debate adjourned.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILLS TO CHANGE NAMES OF ELECTORAL DISTRICTS—SECOND READING

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill C-239, to change the name of the electoral district of Saint-Laurent; Bill C-240, to change the name of the electoral district of Markham; Bill C-241, to change name of the electoral district of Fredericton; Bill C-245, to change the name of the electoral district of Renfrew; Bill C-252, to change the name of the electoral

district of Restigouche; and Bill C-254, to change the name of the electoral district of Windsor-Lake St. Clair.

He said: Honourable senators, the six bills we have here were introduced as private members' bills in the other place by the members sitting for the districts named in these bills. Certain senators have asked about the names of the districts and we have been fortunate in having Mr. Bill Attewell, MP, agree to come to us in Committee of the Whole to answer any questions that honourable senators might have.

With regard to the names of the districts involved, Bill C-240 is the electoral district of Markham; Bill C-252 is the electoral district of Restigouche.

Senator Roblin: Are these the old or the new names?

Senator Doody: These are the old names. Bill C-239 is the electoral district of Saint-Laurent; Bill C-241 relates to the electoral district of Fredericton; Bill C-245 relates to the electoral district of Renfrew; and Bill C-254 relates to the electoral district of Windsor-Lake St. Clair. All of these electoral districts will now have hyphenated names rather than, as was previously the case, single names.

• (1650)

If it is agreed, after second reading I will move that the Senate be resolved into Committee of the Whole. We will invite Mr. Attewell to join us. He can tell us about these bills generally and about his bill in particular.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I support the proposal of Senator Doody. It seems to me that all of these bills deal with matters that are peculiarly the business of the House of Commons. All we would want would be a witness to appear before the Committee of the Whole to tell us that these are the constituencies that require name changes and perhaps tell us in a line or two the reasons behind the changes. Beyond that, I think the best way to handle it would be in Committee of the Whole. So we support second reading of these bills and the proposal to refer them to Committee of the Whole.

Motion agreed to and bills read second time.

REFERRED TO COMMITTEE OF THE WHOLE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall these bills be read the third time?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move that the bills be referred to a Committee of the Whole and that the Senate do now resolve itself into a Committee of the Whole for that purpose.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Roblin, that these bills be now referred to a Committee of the Whole.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

[Senator Doody.]

CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bills, the Honourable Senator Nurgitz in the Chair.

Senator Doody: Honourable senators, I should like the permission of the committee to invite Mr. Bill Attewell, MP, to join us to answer any questions honourable senators may have.

Hon. Senators: Agreed.

Senator Doody: Honourable senators, I have the pleasure to introduce Mr. Bill Attewell, MP, who has agreed to answer any questions honourable senators may have. If Mr. Attewell has an opening statement, I ask him to present it now.

Mr. William Attewell, MP: Thank you, Senator Doody. I might say that I just left our Finance Committee. We were dealing with a group from Germany. I mentioned that I had been summoned by the Senate and I was the envy of all MPs with that remark. I will remember that for a little while.

Senator Roblin: Was it "by the Senate" or "to the Senate"?

Mr. Attewell: I believe there are six bills concerning name changes. My private member's bill is Bill C-240. The current name is Markham. I think the underlying theme is that a name of a riding recognize the full constituency of that riding. The riding of Markham is actually composed of two towns, every inch of two towns, one Markham and the other Whitchurch-Stouffville. The town of Whitchurch-Stouffville has a population of approximately 20,000 and the population of Markham is approximately 140,000. So there are 160,000 residents in the riding. It is the third largest riding in Canada and is growing rapidly.

The first reason for my proposed change is to recognize the residents of both towns; the second is to remove some confusion. There is a provincial riding in Ontario called Markham. Don Cousens represents that riding. It only encompasses the town of Markham. It does not encompass the town of Whitchurch-Stouffville. So from time to time there has been some confusion—even in the past year. When someone mentions the Markham riding, one wonders whether or not it includes Whitchurch-Stouffville.

Those are the two compelling reasons I had for putting forth my private member's bill, Bill C-240. It also happens that, by coincidence, my wife Sandy and I reside in Whitchurch-Stouffville. The new name would be Markham-Whitchurch-Stouffville.

Senator Frith: We welcome you, Mr. Attewell. Thank you for clarifying the situation as far as your own riding is concerned. I do not know how much you know about the other bills, but, as we mentioned during second reading debate, this is obviously a matter for the business of the House of Commons. We simply want to be helpful. I suppose all we need to know is that all six of these bill, and you have looked at all six, represent the wishes of the members representing those constituencies.

Can you assure us that that is so and tell us anything else you think we should know.

The only thing I want to know as a senator is that we are doing the right thing so that someone will not come along and say that we have passed the wrong bill, or that this is not what they wanted, or something to that effect.

In other words, in the interests of comity between the two houses, we want to do the right thing, and want to be sure we are doing the right thing, and want to have something on the record to that effect. Can you help us in that regard?

Mr. Attewell: I believe I can, Mr. Chairman. In all cases the basic objective is similar. I was the first to start this process. I had a private member's bill drawn up last December. I went through the normal channels with that, but I believe there are over 400 private member's bills and motions in the lottery system right now, if I can use that term. Rather than risking taking months or years to have my bill drawn again, I obtained agreement with all three house leaders to have my bill processed. It was announced that if the government were going to do one it would do four or five, or whatever number required change.

Each member—I believe we have six bills in total—went through a similar process. Again, the main objective is to have a name that more properly describes and represents the residents of the ridings.

I can assure you that the underlying reasons, the motives and the objectives are similar for all six.

Senator Frith: To be absolutely sure, that applies to Bill C-239, the electoral district of Saint-Laurent; Bill C-240, your private member's bill; Bill C-241, the electoral district of Fredericton; Bill C-245, the electoral district of Renfrew; Bill C-252, the electoral district of Restigouche; and Bill C-254, the electoral district of Windsor-Lake St. Clair.

Mr. Attewell: Yes.

Senator Frith: Thank you, Mr. Chairman.

Senator Simard: I am obviously missing the bill respecting the electoral district of Restigouche. I have copies of the other five bills. What is the new name for the electoral district of Restigouche?

• (1700)

Senator Frith: You mean the bill is not here?

Senator Simard: Maybe you have it. I do not have it. I have the other five, but I do not have Restigouche.

The Chairman: Senator Simard, the new name is Restigouche-Chaleur.

Senator Simard: And the other name was Restigouche?

The Chairman: Restigouche, yes.

Senator Simard: I have it now. As far as the change regarding Fredericton is concerned, do you know if anyone or any group in Fredericton had any objections to the changing of the name?

Mr. Attewell: If I heard the question clearly, was it that any other group had part of this proposal?

Senator Doody: Did anyone have any objections.

Senator Simard: Do you know of some group or individual in that area of Fredericton-York-Sunbury who opposed that for any reason at all?

Mr. Attewell: Mr. Chairman, I am not aware of any objection to the proposal in terms of the name of Fredericton.

Senator Simard: You are not aware of any. Thank you.

Senator Molgat: I wonder if Mr. Attewell could tell us, if he knows, whether these requests are purely those of the members or whether they canvassed their constituents in any way. Has there been approval for the name changes by the constituencies?

Mr. Attewell: Mr. Chairman, I do not know what the procedure was for each person, but I think my experience would be similar to all of theirs. I initiated this action during the election campaign, and it was not a big issue. The Whitchurch-Stouffville part of the riding was removed from a former riding, but I forget the exact name of it. I believe it was York Central, but I guess that does not matter. Anyway, the residents felt that they were orphans because they were not properly recognized; and I believe in each case—I am sure the facts would differ a little bit—the name would more properly recognize the people in the main communities of the riding itself.

Senator Olson: Honourable senators, my question is very much the same as the last two that have been asked. I understand that the sitting member has agreed to, or even advocated, these changes, but were any of the other candidates in the last election, who would also have an interest, consulted or advised that these changes were going to take place?

Mr. Attewell: Mr. Chairman, I do not know if any were. In my own case, I did not consult with the other three or four candidates in the election itself. I went essentially by the views I received from the riding residents themselves.

In Markham there were no negative comments on why I was doing this; there were only positive comments. As a matter of fact, I had a call from the editor of one of the Whitchurch-Stouffville papers this morning; when I talked to him a month or so ago he said he hoped this was going to happen. He phoned me out of the blue this morning, wondering if the bill had gone through yet, and I told him that it had passed through the House of Commons last night and that there was every hope the Senate would be dealing with it soon. So in my own case we went by the views of the citizens.

Senator Olson: Was there any publicity on the subject in order to ensure that it was well known that this change was going to take place?

Mr. Attewell: Mr. Chairman, yes. As a matter of fact, it was in at least three of the local papers. In Markham-Whitchurch-Stouffville there are two Stouffville papers and two other weekly or twice-a-week papers. It has been in each of those

papers in the form of interviews, not in the form of an advertisement. It appeared on the front page of the Stouffville newspaper. I have appeared on "Classicom", which is a television show that covers all of Markham-Whitchurch-Stouffville, Richmond Hill and Aurora; I have been on at least twice, including another interview last week. I can assure you, Mr. Chairman, that "Classicom" is a very widely viewed station.

Senator Hicks: I have some reservations about this, and in order to elaborate on my point, please tell me about the change relating to the constituency of Fredericton.

Mr. Attewell: Mr. Chairman, the new name is Fredericton-York-Sunbury.

Senator Hicks: My observation is that we are trying too hard to define the geographical extent of the constituencies, rather than to use a simple, single word to describe them. Frankly, I do not know about the people of Fredericton, but my impression is that they would be satisfied to have their constituency known as Fredericton rather than to try to include all of the outlying districts in it as well. I think we are making our situation more complicated by doing this. However, the Commons has passed these bills. You assure us that the sitting members are in favour of these changes; and I, as a citizen of Nova Scotia who is fairly familiar with the environs of Fredericton, would much prefer to refer to it as Fredericton rather than Fredericton-York-Sunbury. That is all I wanted to say. I will reserve my position on the bill.

Senator Bosa: Mr. Chairman, I wonder if I understood the witness correctly to say that the constituency at the present time has approximately 160,000 people in it. Was I correct in my understanding of that?

Mr. Attewell: That is correct. That is the best current estimate.

Senator Bosa: Does that mean that an electoral boundary readjustment would take place and that the constituency would change its name again? I understand that the average number of constituents per constituency is around 90,000, give or take 20 per cent either way. Does that mean that the constituency is going to have to change its name again?

Mr. Attewell: Mr. Chairman, the answer is yes, in all likelihood. You are quite right, honourable senator. The average Ontario riding is comprised of about 90,000 or 92,000 people. Our riding happens to be in a very strong growth area; and by the mid 1990s I suspect we will be pushing the 200,000 level. Depending on how the constituency changed, the name, in all likelihood, would need to be changed, as would others. North York is the biggest riding in Canada, and I suspect that it would need changing as well.

Senator Corbin: I wish to reply to the comment made by Senator Hicks. I must say that I cannot, at first sight, agree with him. Fredericton is not everything in New Brunswick. Fredericton happens to be the capital city, but it is the centre of a rural area—an area that blends agriculture with forestry operations and some service industries. I think that the member of Parliament of the day wants to reflect that composition in the name change of his riding. I would be happy if the name were shorter; but, to anyone who lives in New Brunswick, Fredericton is not the alpha and omega; it is the capital. Period. A lot of people living in the outlying area—and it is a large rural area—want some recognition and identification, and I believe that the current member of Parliament, in his wisdom, reflects that view in the name change. I am almost tempted to say that I regret Senator Hicks's straight, urban approach to these problems.

• (1710)

Senator Hicks: I am a country boy, too.

Senator Corbin: In any case, honourable senators, I have a question for the witness. What, if anything, is the effect or are the effects of this name change? Does it have consequential effects? Does this name change, for example, permit you to do certain things that you would not otherwise be able to do?

Mr. Attewell: Mr. Chairman, I do not know of any area in which it would permit a member to do more than he or she is already doing, but I must say that, in anticipation that this change might go through, we have kept our supply of stationery, business cards and so on at a low level so that expenses would be minimized. There will be some costs, I suppose, in developing maps, since they will have to be changed. I do not think that we are talking about a lot of money in that regard, however.

I can say that in respect of ordering stationery and so on we have kept those costs at the lowest possible level until a final decision is determined by the House and the Senate.

Senator Hicks: Mr. Chairman, I stand rebuked by my friend Senator Corbin. I am quite willing to go along with his view, because his view of the Province of New Brunswick ought to be better than mine.

Senator Corbin: I was not in the business of rebuking you, Senator Hicks, but I thought I should give another dimension to things.

My next question is preceded by this comment. There was a time when, if a member of Parliament wanted to get rid of the returning officer, he would present to Parliament a change of name of his riding. That had the effect of eliminating the current returning officer and allowed the member of Parliament to replace him—"replace" is a loose term—to recommend, through the appropriate channels, a person of his liking or political stripe, if you will. Does the legislation still permit that sort of thing?

Mr. Attewell: Mr. Chairman, I am not positive, but I would think it does. Just speaking in my own case, I have an electoral officer, a woman, who was in place during the last election. I would have no thought whatsoever of proposing any change to her holding that position. But I believe, Mr. Chairman, that the honourable senator is right, that that opportunity would present itself.

Senator Flynn: I disagree. The Federal Court ruled some years ago that the mere fact of changing the name of a riding would not provide the opportunity to appoint a new returning

officer. That case was in the riding of St. Hyacinthe. There was no appeal from the decision of the Federal Court. A new constituency after a redistribution is considered to be a new riding, and the opportunity is then provided for the appointment of a returning officer. But a simple change of name does not have that effect.

Senator Hicks: Do you mean that if you have a change of name retaining the same boundaries the question does not arise?

Senator Flynn: Exactly.

Mr. Attewell: Mr. Chairman, I stand corrected.

The Chairman: Are there any further questions, honourable senators?

Honourable senators, the Senate is in Committee of the Whole on Bill C-239, to change the name of the electoral district of Saint-Laurent; Bill C-240, to change the name of the electoral district of Markham; Bill C-241, to change the name of the electoral district of Fredericton; Bill C-245, to change the name of the electoral district of Renfrew; Bill C-252, to change the name of the electoral district of Restigouche; and Bill C-254, to change the name of the electoral district of Windsor-Lake St. Clair.

Shall discussion on the titles of the bills be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 1 of each bill carry?

Hon. Senators: Carried.

The Chairman: Shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Shall the titles carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bills without amendment?

Hon. Senators: Agreed.

Senator Doody: Honourabe senators, on your behalf I should like to thank Mr. Attewell for his presentation this afternoon.

The Hon. The Speaker *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

Hon Nathan Nurgitz: Honourable senators, the Committee of the Whole, to which were referred Bill C-239, to change the name of the electoral district of Saint-Laurent; Bill C-240, to change the name of the electoral district of Markham; Bill C-241, to change the name of the electoral district of Fredericton; Bill C-245, to change the name of the electoral district of Renfrew; Bill C-252, to change the name of the electoral district of Restigouche; and Bill C-254, to change the name of the electoral district of Windsor-Lake St. Clair, has examined the said bills and has directed me to report the same to the Senate without amendment.

THIRD READING

The Hon. The Speaker *pro tempore:* Honourable senators, when shall these bills be read the third time?

Hon C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45 (1)(*b*), I move that the bills be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bills read third time and passed.

NATIONAL DEFENCE

MOTION FOR RECONSIDERATION OF DECISION TO CLOSE CFB SUMMERSIDE, P.E.I.—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator McElman:
>
> That in view of the national commitment to serve the development of Canada's regions and the role of the national defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only national defence base in Prince Edward Island, that is Canadian Forces Base Summerside, and calls upon the Government of Canada to reconsider this decision.

Hon. John M. Macdonald: Honourable senators, on behalf of Senator Marshall, I move the adjournment of this debate.

Hon. M. Lorne Bonnell: Honourable senators, I wonder if we could expect Senator Marshall to speak tomorrow so that we can proceed with this matter before the house adjourns for the summer recess.

Senator Macdonald: I am afraid I cannot give that assurance at the present time, honourable senators.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Macdonald, for Senator Marshall, seconded by the Honourable Senator Sherwood, that debate on this motion be deferred to the next sitting of the Senate. Is it agreed, honourable senators?

Senator Bonnell: Honourable senators, on the motion for the adjournment of the debate, I would like to suggest that Senator Macdonald ask Senator Marshall to make every effort to speak tomorrow. Senator Marshall has, in the past, been a great speaker on behalf of servicemen and veterans. I am quite sure that he would not want to hold this matter up over the summer months so that these people in Summerside will be in suspense as to what will happen to their base.

Therefore, I ask Senator Marshall to continue to support the veterans and the servicemen by speaking tomorrow so that we, as senators, can vote on this matter before the house adjourns.

On motion of Senator Macdonald, for Senator Marshall, debate adjourned.

AIR CANADA

EFFECTS OF WITHDRAWAL OF SERVICE FROM STEPHENVILLE, NEWFOUNDLAND— INQUIRY REFERRED TO TRANSPORT AND COMMUNICATIONS COMMITTEE

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989,

And on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator Olson, P.C., that the inquiry be referred to the Standing Senate Committee on Transport and Communications; and

That the Committee report to the Senate no later than December 31, 1989.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have nothing further to say on the matter before us. If anyone else wishes to speak, he is quite entitled to do so; otherwise, I would allow the motion to go ahead.

The Hon. the Speaker *pro tempore*: If no other senator wishes to speak, this inquiry is considered debated.

Honourable senators, there is a motion in this regard. Is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and inquiry referred to Standing Senate Committee on Transport and Communications.

● (1720)

NATIONAL HEALTH PROGRAM

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO STUDY PROBLEMS IN SHORT-TERM CARE HOSPITALS AND INSTITUTIONS

On the Order:

Resuming the debate on the motion of the Honourable Senator David, seconded by the Honourable Senator Poitras:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to undertake a preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada; and

That the Committee present its report no later than March 31, 1990.—(*Honourable Senator Bonnell*).

[Senator Bonnell.]

Hon. M. Lorne Bonnell: Honourable senators, I do not want to hold this motion up because it is important that the study go ahead during the summer. I should like to say that I do not know of any short-term care hospitals in Canada. Most of them are either active treatment hospitals or chronic treatment hospitals.

If the Senate means these active treatment hospitals and chronic treatment hospitals, then I am prepared to let the wording go as is and support the motion.

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

Hon. Senators: Agreed.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

EIGHTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the eighteenth report of the Standing Committee on Internal Economy, Budgets and Administration (computer support services and maintenance), presented on Tuesday, June 27, 1989.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of Senator LeBlanc, I move the adoption of this report.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

INTER-PARLIAMENTARY UNION

EIGHTY-FIRST INTER-PARLIAMENTARY CONFERENCE, BUDAPEST, HUNGARY—DEBATE ADJOURNED

Hon. Nathan Nurgitz rose pursuant to notice of Tuesday, June 20, 1989:

That he will call the attention of the Senate to the Eighty-First Inter-Parliamentary Conference, held at Budapest, Hungary, from 13th to 18th March, 1989.

He said: Honourable senators, in this centennial year of the Inter-Parliamentary Union it is an honour for me to report to the Senate on the work of the Eighty-First Inter-Parliamentary Conference which took place last March in Budapest, Hungary.

One hundred years ago less one day, that is, on June 29, 1889, at the Continental Hotel in Paris, France, the first Inter-Parliamentary Conference took place. Nine countries attended that first conference of what was later termed the Conference of the Inter-Parliamentary Union. That meeting was the result of the work of two distinguished parliamentarians, Mr. Frederick Passy and Sir Randall Cremer of the United Kingdom. Both those parliamentarians were involved in movements for international arbitration of disputes, a notion

which had not yet entered the regular conduct of international relations. The Paris meeting, as I have indicated, brought together parliamentarians from nine countries. Today the union has 112 member groups. The centenary conference will take place in London in September.

I should like to turn to last March's conference of the union in Budapest. Honourable senators will be aware that Canada works closely with its western and democratic partners in an informal grouping called the Twelve-plus. Because the Portuguese group is chairing and organizing the Twelve-plus meetings this year, our preconference meeting took place in Lisbon. Mr. Benno Friesen, MP, Mrs. Sheila Finestone, MP, and I attended this meeting. I should add that, when a conference takes place in an Eastern Bloc country, the Twelve-plus customarily holds its preparatory meeting outside.

During the course of the meeting in Lisbon we discussed the Budapest conference agenda in detail, made a decision to support the Middle East situation as a supplementary item, and discussed where western members should be best placed in the drafting committees.

At the initiative of the Canadian delegation, the question of the Salman Rushdie affair was addressed. A small committee of Twelve-plus members, including Canada, was set up. The committee felt it would be impossible to have the question included in the conference agenda and, therefore, decided to prepare a communiqué which was released in Budapest.

The Twelve-plus members discussed their position with regard to the union's proposed meeting on CSCE matters in Bucharest. Although that meeting had been scheduled for May of this year, the western countries obviously felt very uncomfortable about attending a conference in Romania because of the current situation involving human rights in that country. Therefore, they withheld their consent, which would have been required for the holding of such a meeting. That is still our position. We have been encouraged by the Canadian government to continue along this line. We hope in this way to provide an effective message to the Romanian authorities.

The first subject in the conference agenda in Budapest was the protection of the rights of children. Our delegation had prepared a background memorandum and a draft resolution, copies of which were circulated to all national groups. Mrs. Margaret Mitchell, MP from British Columbia, and Dr. Harry Brightwell, MP from Ontario, spoke to the plenary session on this question. Mrs. Mitchell was invited to join the drafting committee and was elected its chairman and rapporteur. Under her direction, the committee produced a far-reaching resolution, which was unanimously adopted in the conference.

The second subject dealt with the United Nations' efforts to end decolonization, racism, apartheid and to promote individual and collective rights of nationalities and ethnic minorities. Again, the Canadian delegation did its homework in preparing a background memorandum and a draft resolution for circulation. Mrs. Suzanne Duplessis, MP, and our colleague Senator Peter Bosa participated in the plenary debate and worked on the committee, which prepared a resolution for presentation to the final plenary session. Senator Bosa will be participating in this inquiry. With his background in the union and his particular insights on the question of ethnic minorities, he will be outlining Canada's very significant contribution to the debate and resolution on this item.

Let me simply say that when the resolution dealing with apartheid reached the plenary the Canadian delegation voted eight for and four against. On behalf of the delegation, I explained that while we agreed with the general thrust of the resolution and many parts of it, especially the paragraph dealing with national minorities, we could not accept the call for an armed struggle or the singling out of individual countries for criticism and the denial of self-determination for the people of the Falkland Islands and Puerto Rico.

Those familiar with union conferences will know that the first item of business is the choice of a supplementary item. The two topics mentioned earlier were in fact chosen at the previous conference in Sofia. For an item to be chosen as a supplementary a two-thirds vote is required. As I mentioned earlier, the Canadian group supported the Italian group in proposing a supplementary item to deal with drug trafficking, in particular with regard to the threat towards young people.

As it was more than evident that the great majority of conference delegates preferred to deal with a Middle East topic, the Italian delegation withdrew its request on the understanding that the subject would be favourably reconsidered for the next spring's conference. Therefore, the vote was between the topic of an international peace conference in the Middle East, proposed by the German Democratic Republic, or the implementation of UN Security Council Resolution 598, in accordance with the Secretary-General's plan for establishing peace between Iran and Iraq. This last item was proposed by Iran. The East German proposal won.

Mr. Marcel Prud'homme, MP, and Mr. Benno Friesen, MP, participated in the work of the committee that drafted the resolution on the supplementary item. When the supplementary item resolution reached the plenary to be voted upon, there was an important semantic debate brought about by the Egyptian delegation on the question of whether the resolution should use "The Occupied Territories" or "Occupied Territories". Needless to say, in the great Canadian tradition, the Canadian delegation voted eight for and four against.

• (1730)

As part of our program aiming to promote good will between members of the Canadian group and other delegations, we invited the Chinese delegation to a luncheon during the conference. The Department of External Affairs fully supported this initiative, and I can tell you that the luncheon was a success. Both sides strongly noted the longstanding ties of friendship between our two peoples and the close and important economic links. Needless to say, no one during that happy luncheon in March could have foreseen the dramatic events which have since taken place in that country.

Our delegation was accompanied by the secretary of the Chinese Inter-Parliamentary Union, Mr. Li Lianguo, who is in

Canada for a year of study sponsored by the World University Service of Canada. As part of his program he assisted our secretariat in the organizational work of the delegation and attended the conference at no expense to us as part of the Canadian delegation's staff. We consider Mr. Li a friend of the Canadian group of the union and express our sorrow and concern about the tragic events in his country. As well, our delegation was ably assisted by Barbara Reynolds from the Parliamentary Centre and Mr. Stephen Knowles, executive secretary of our Canadian group. I regret to advise that Mr. Knowles will be attending his last conference this September, as he will be moving on to other work. Mr. Knowles will become part of the House of Commons committee staff and will be sadly missed.

As a result of intensive briefings by the eastern European bureau of the Department of External Affairs, led by Mr. Allan McLaine, the delegation was well informed about the evolution toward democracy in Hungary. I should like to point out especially that our ambassador, Derek Fraser, Mrs. Fraser and the embassy staff did much towards briefing us, as well as extending marvelous hospitality and assistance to us. We cannot speak too highly of the work done by them in Hungary.

The delegation, in turn, lent its presence to a number of embassy activities such as the opening of the Karsh exhibit in Budapest and a piano recital by Ottawa pianist Angela Hewitt. It was a great pleasure for us to assist in reinforcing the embassy's cultural program and Canada's presence in Hungary. During one morning as well, delegates attended a brief ceremony at the statue of Raoul Wallenberg to pay their respects to the Swedish diplomat, an honorary Canadian who was responsible for saving the lives of so many during wartime Budapest.

Senator Roblin: Hear, hear!

Senator Nurgitz: Last December, in my report to you on the eightieth conference, which was held in Sofia, I mentioned Canada's accomplishment in having the union's statutes amended to ensure that at least two women would be members of the twelve-person executive committee. Canada continued its tradition of active promotion of the role of women through the creation of a task force, chaired by Sheila Finestone, to define the function of and develop more effective strategies for the regular meetings of women parliamentarians. The committee's report will be discussed in London. In all, we had four women delegates at the conference. I have yet to mention that Senator Neiman, vice-chairman of the Committee on the Human Rights of Parliamentarians, will be participating in this inquiry as well.

Heads of government and heads of state traditionally participate in the inauguration ceremonies of IPU conferences. Mr. Bruno Straub, president of the Council of the Hungarian People's Republic, paid tribute to the importance of the union and similar organizations in his inaugural address. Later on during the week the then Secretary General of the Hungarian Socialist Workers Party, Mr. Karoly Grosz, who has since been replaced, addressed the conference as well. He referred to new attitudes no longer obscured or hindered by the cold war and underlined the importance of adhering to the principles of Helsinki. However, he stressed that Hungary would remain a member of the Warsaw Pact for as long as military alliances continued to exist. He singled out Romania for not being able to agree on human rights questions at a time when the whole of Europe appeared to be reaching a consensus on the protection of the rights of minorities.

Finally, the conference was addressed by Mr. Yasser Arafat, chairman of the Executive Committee of the Palestine Liberation Organization. We were told that Mr. Arafat happened to be in Budapest during the conference—

Senator Frith: Wait a minute. This is interesting.

Senator Nurgitz: Mr. Arafat arrived in Budapest while our conference was in session. In the tradition of IPU, well-known world figures are often invited to address the members, and Mr. Arafat did address the conference. It was explained to conference delegates that this was a coincidence.

Senator Frith: How did he do?

Senator Nurgitz: I adopted neither what he said nor how he said it. Frankly, since the IPU is an organization where members express personal views, allow me to say that he delivered an interesting speech. However, it would have been somewhat more helpful if he had toned down the rhetoric. I think that that is regrettable and unhelpful in terms of reaching peaceful solutions, but, in any event, it was an interesting speech. I also would have preferred him to be somewhat more balanced, but I am sure that my views would not have been balanced in his view.

Honourable senators, the Budapest conference was a successful one. I should like to pay tribute to the highly effective work of the entire Canadian delegation. I would like to thank the Speakers of both houses for the support they have given to the Canadian group of the Inter-Parliamentary Union and to other international parliamentary associations which serve an important role.

Honourable senators, the full report of the Budapest conference has been printed and circulated to Canadian members of the IPU, but copies are available to anyone else who might be interested.

Hon. Peter Bosa: Honourable senators, it is an honour for me to participate in this debate and to report to the Senate on the Eighty-First Inter-Parliamentary Union Conference held recently in Budapest. As my colleague, the president of the Canadian Inter-Parliamentary Group and leader of our delegation, Senator Nurgitz, has already mentioned, this is the centennial year of the Inter-Parliamentary Union. Our host country, Hungary, was one of the nine founding countries of the union, and Budapest had already played host to a number of the union's meetings: The Seventh Inter-Parliamentary Union Conference held in September 1896; the Thirty-Second Inter-Parliamentary Union Conference held in July 1963; and the Fifth Inter-Parliamentary Union Conference on European Cooperation and Security held in 1983.

It was an interesting and exciting time to be visiting Hungary. For the first time in many years Hungary's national day

was celebrated on the traditional day of March 15, which commemorates Hungary's 1848 uprising against Austrian rule. Many thousands of citizens proudly carried the Hungarian flag and paraded through the streets to the central square. We understand that it was the first time in decades that the Hungarian flag flew alone. People stopped us in the street to pin small flags on our lapels. No one who was present in the city could miss the excitement of the citizens at the opportunity to display and celebrate the traditional symbols of Hungarian nationalism. We found the Hungarian people to be very friendly, open and extremely interested in our political system.

Hungary is undergoing a number of political reforms. The May 1988 conference of the governing party resulted in the replacement of the long-time general secretary and his closest collaborators. In response to a widespread desire for political liberalization, the Parliament has passed legislation allowing the formation and operation of interest groups. A number of quasi-parties are already in existence. The government and the party have pronounced themselves in favour of a multiparty democracy within a socialist framework. Legislation on political parties is promised for August 1989. There was an air of anticipation about the plurality of political parties. Among the parliamentary officials from the West and from Hungary there were numerous discussions about the procedures for operating under a pluralistic system. We now have learned that things have moved further. Our weekend newspapers have reported that the Communist leadership has chosen as party chairman a prominent official who advocates democratic changes.

• (1740)

Honourable senators, Hungary faces serious economic problems. Its foreign debt is about $19 billion (U.S.). It is experiencing both inflation and rising unemployment. To cope with this situation the government has introduced an austerity program of price increases, reduced subsidies, and East Europe's first income and value-added tax. New legislation was recently passed that could allow an enlarged private sector and more foreign investment. The task facing the leadership is immense.

I would now like to turn to one of the subjects on the conference agenda, the United Nations efforts to end colonization, racism, apartheid and to promote individual and collective rights of nationalities and ethnic minorities. This was the first time in several years that a conference had agreed to address the topic of ethnic monorities. While Canada has had a multiculturalism policy for some time, not all countries are as committed to tolerance and understanding in this regard as is Canada.

In my intervention on the floor of the conference I reminded delegates that multiculturalism is the cornerstone of Canada's social and economic well-being. It has given us a civilized framework within which our diverse populations live in harmony and respect. Multiculturalism is inseparable from Canadians' fundamental citizenship values, which are based on the enduring principles of equality of opportunity, diversity of cultures and a strong, supportive sense of community.

After reviewing the events leading up to the formal declaration of Canada's multiculturalism policy, I reminded delegates that Canada was an original signer of the United Nations 1948 Universal Declaration of Human Rights and has consistently tried to implement the principles in that document. Canadians have sought to develop a society where diversity is acknowledged to be a strength and where freedom, tolerance and fairness are overriding characteristics. We acknowledge that in the past there have been distasteful, shameful and heartbreaking injustices; nor do we pretend to believe that Canadian society has rid itself overnight of all vestiges of cultural, racial and religious discrimination. But there is a strong Canadian commitment to eliminate the scourge of discrimination.

In our draft resolution on this subject the Canadian group drew heavily upon the passages on minority rights contained in the concluding document of the Vienna Review Conference on Co-operation and Security in Europe, signed in January of this year. In particular, we included paragraphs relating to the following: dissemination of, access to and exchange of information in one's mother tongue; the right of parents to transmit language, religion and cultural identity to their childern; the preservation of cultural and historical monuments and objects; the free exercise of rights by persons belonging to national minorities; measures to combat intolerance and to encourage understanding, tolerance and respect for national minorities; and, finally, to support the work of the United Nations in developing a draft declaration on the right of persons belonging to national minorities.

I can proudly say that the Canadian resolution was the most comprehensive in dealing with this subject. Delegates from several countries spoke to me about the depth of our resolution, and, when only one paragraph on this subject appeared in the draft resolution presented to the committee on non-self-governing territories and ethnic questions, they strongly supported me when I asked for the inclusion of all six paragraphs from the Canadian resolution. This amendment was supported by all groups, with the single exception of Romania.

Honourable senators, the world has never been more aware than it is now of the fundamental impact that minority rights have on international peace and security. The decision of the Inter-Parliamentary Union to inlcude this subject on the agenda of the recent conference helped to sensitize legislators to the need for further measures to protect the fundamental freedoms of all persons. It is a subject we ought to discuss on a regular basis to remind ourselves that a lot more remains to be done to promote minority rights. It was most appropriate that during the centennial year of the IPU the conference should have taken place in Budapest, as there are some blatant violations of minority rights in that region of Europe, and more particularly in Romania. It is hoped that drawing attention to this crucial issue has had a positive impact on the conference.

On motion of Senator Neiman, debate adjourned.

LEBANON

MOTION FOR ADOPTION OF FRANCOPHONE SUMMIT RESOLUTION ON INDEPENDENCE AMENDED AND ADOPTED

Hon. Stanley Haidasz, pursuant to notice of June 20, 1989, moved:

> That the Senate do adopt the following Resolution, which was adopted at the Francophone Summit in Dakar, Senegal, on 23rd May, 1989, as well as at the Sommet de Québec in September 1987:
>
> The Heads of States, of Governments and of Delegations of Countries having in common the use of the French language,
>
> Recalling the Resolution of solidarity with Lebanon carried by the Sommet de Québec,
>
> Profoundly worried about the tragic situation which has prevailed in Lebanon for fifteen years and which aggravates the tragedy of the Lebanese people,
>
> Particularly concerned about the destruction of a large part of Lebanon's school centres as well as cultural, educational and technical institutions, a destruction which may well deal a severe blow to the country's intellectual and spiritual influence and paralyse its role as prime centre of exchange and dialogue between cultures, and as an example of conviviality and tolerance,
>
> Proclaim the urgent need to restore peace in Lebanon within the strict regard to its sovereignty, territorial integrity, unity and independence in accordance with the successive resolutions of the United Nations Security Council concerning Lebanon;
>
> Support the efforts put forth by the International Community and Authorities, and assert their support to the League of Arab States in their endeavours to bring about an immediate cease-fire in Lebanon and to start, without delay, the process for a final solution of the Lebanese crisis with regard to all its internal and external aspects in order to reach a national reconciliation based on principles of right, justice and equality within the strict regard to Lebanon's sovereignty, territorial integrity, unity and independence;
>
> Determine the renewal of the solidarity fund established by the Sommet de Québec for the reconstruction of Lebanon's cultural, educational, technical and hospital institutions and call on member states to participate in financing this solidarity fund; and
>
> That the Honourable the Speaker do transmit to the Secretary General of the United Nations a copy of the Resolution adopted by the Senate.

He said: Honourable senators, in his address last week—

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, it is now six o'clock.

The Hon. the Speaker: Honourable senators, I must bring to the attention of the Senate the fact that it is now six o'clock. Does the Senate wish to ignore the clock?

[Senator Bosa.]

Senator Doody: I wonder whether the Honourable Senator Haidasz can tell us how long he intends to take. Perhaps if his motion is a lengthy one we could deal with it tomorrow morning. We will be returning at 11 a.m. tomorrow.

Senator Haidasz: My motion will only take two minutes.

Senator Doody: Very well, then perhaps we can ignore the clock.

Senator Haidasz: Honourable senators, in his address last week Senator De Bané delivered an impassioned plea for concern about the grave political and military situation in Lebanon. For the past 15 years, he said, foreign military and political intervention, in addition to fratricidal strife, have decimated the Lebanese population and destroyed its cities and countryside. The very existence of this beautiful and historic country is at stake. We in this chamber cannot, and must not, remain cool or impassive to the terrible devastation taking place in Lebanon. That is why I have proposed this motion, which incorporates the resolution on Lebanon, adopted on May 23, 1989, at the Francophone Summit in Dakar, Senegal, on the initiative of the Prime Minister of Canada. This resolution was also mentioned and supported by Senator De Bané and Senator Asselin in their speeches restating Canada's commitment to peace, independence and complete sovereignty on the part of Lebanon.

In the meantime, honourable senators, I urge the Canadian government to increase substantially our immigration staff in Cyprus in order to process in a more expeditious fashion refugee and immigration applications from Lebanese nationals who wish to come to Canada. Honourable senators, I ask that the Senate adopt the resolution standing in my name and that His Honour the Speaker transmit to the Secretary General of the United Nations a copy of the resolution adopted by the Senate.

● (1750)

Hon. Gérald-A. Beaudoin: Honourable senators, on behalf of Senator Asselin, I move:

> That the motion be amended by deleting the word "and" in the last line of the penultimate paragraph as well as all the words in the last paragraph, and substituting the following therefore:—
>
> That the Honourable the Speaker do transmit to the Secretary General of the United Nations a copy of the Resolution adopted by the Senate; and
>
> That a Message be sent to the House of Commons requesting that House to unite with the Senate for the above purpose.

It is self-explanatory.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Eymard G. Corbin: Honourable senators, if I understand it correctly, this motion must go to the House of Commons for their approval before it is sent on its way to the United Nations.

Senator Haidasz: No.

Senator Frith: It does not have to.

Senator Corbin: What is the effect of the amendment presented by Senator Beaudoin?

[*Translation*]

Senator Beaudoin: Honourable senators, the effect of this amendment is not to delay procedure. The Resolution can be sent immediately to the UN Secretary General since, as you know, the House of Commons has adjourned for the summer.

We invite the House of Commons to join the Senate in this message, but this will not in any way postpone the Resolution.

Senator Corbin: Honourable senators, first you say the Resolution can be sent directly to the UN Secretary General, then you want to ask the House of Commons to join the Senate.

Senator Beaudoin: Honourable senators, the House of Commons will join the Senate when it deems it appropriate, when it resumes sitting and decides that it agrees with the Senate's proposal. If the House of Commons says no, the Senate's Resolution will be sent to the United Nations. If the House of Commons does join us subsequently, when it reconvenes, so much the better! I would now like to move the motion in amendment of Senator Asselin.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion in amendment?

Hon. Senators: Agreed.

Motion, as amended, adopted.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Thursday, June 29, 1989

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

[*Translation*]

BORROWING AUTHORITY BILL, 1989-90

REPORT OF COMMITTEE

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Thursday, June 29, 1989

The Standing Senate Committee on National Finance has the honour to present its:

SIXTH REPORT

Your Committee, to which was referred Bill C-11, an Act to provide borrowing authority, has, in obedience to the Order of Reference of Tuesday, June 20, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

[*English*]

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

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

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

Some Hon. Senators: Agreed.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to make a few comments on this bill.

In other circumstances one might wish to have more time to examine and consider the evidence which was presented in the Standing Senate Committee on National Finance by the minister and his officials, but that is not possible. Therefore, I will do my best to work on my recollections of what the testimony was rather than upon any available transcript either in printed or in other form.

On the second reading of the borrowing bill I drew attention to the possible relationship between the current account deficit and the fiscal deficit of the Government of Canada. I was struck by the information contained in the budget documents, that in the early part of the 1980s net private domestic savings in Canada were great enough not only to finance the government deficit, provincial deficits and deficits of the Canada and Quebec pension plans but also enough to show a slight surplus on the current account. That situation has dramatically changed, and the documents point out that Canada has had to finance its deficit by reliance on foreign savings. In 1987 the current account deficit was a little better than $10 billion, and Canada had to import savings in that amount, equal to about 1.9 per cent of the gross domestic product. I asked myself how much of these foreign savings which were entering Canada were used to finance the fiscal deficit, and it was with that question that I went into the committee.

A table that was made available last evening by the officials in the committee reveals that the holdings of Government of Canada securities by nonresidents has increased dramatically from 1983-84 to 1988. In 1983, for example, $11.8 billion in government securities were held by nonresidents, and that has increased to $50.5 billion in 1988. Honourable senators, that is a dramatic increase and one must take note of it. Percentagewise, I believe that about 19 or 20 per cent of the Canadian foreign debt is now held by foreigners.

Senator Roblin: Are you speaking of the federal government debt?

Senator MacEachen: Yes, the federal government debt. Since that debt is accelerating we will be looking with interest to what happens in 1989.

Honourable senators, I draw to your attention that in 1987 the holdings of Government of Canada securities by nonresidents amounted to $36.8 billion. That increased to $50.5 billion in 1988. That is an increase of roughly $14 billion. If one looks at the Statistics Canada series one will notice that in 1987 nonresidents held $6.4 billion in treasury bills; in other words, short-term Government of Canada paper. That increased to $13.2 billion in 1988. That is a very considerable increase of almost $7 billion.

If one then looks at Government of Canada bonds, the amount in 1987 was $30.4 billion, which increased to $37.2 billion in 1988. It is therefore apparent that we, as a country, are relying increasingly on foreigners to finance our deficit or our financing requirements.

Let me put it another way. In 1987-88 the financial requirement of the Government of Canada, apart from foreign exchange transactions, was $21 billion. Put that against the statistic which I just mentioned; namely, a $14 billion increase in foreign purchases in one year of our Government of Canada

debt. I think those are significant figures. If you look at the total borrowings of the Government of Canada in 1987-88 you will conclude that one-half of Canadian government borrowings were financed abroad. That is something new for Canada. That is the Government of Canada account, the Government of Canada reliance on foreigners to purchase and finance our deficit.

Historically, we know that Canada has run a deficit on the current account by bringing capital into the country for development purposes, for investment purposes, and for creating assets in the country which provide earnings, not merely to pay the current carrying charges but also to repay that important capital investment. We have all said that that is the cycle a developing country follows. If you take a look at what is happening now you will see that these huge sums which were imported into Canada are no longer being used to finance investment projects or megaprojects, but are being used to finance current consumption in the form of the fiscal deficit. There is no asset being created in Canada that will contribute to the wealth of the country and provide earnings for future repayment.

I mentioned in the committee that I had heard a financial economist say that, in the past, Canada imported capital to finance megaprojects or development projects, but now our megaproject is the fiscal deficit. I recoiled at that suggestion because I thought it was not true, but having probed into the statistics I find that it is true in spades. I also drew out of the witnesses the testimony that Canada's overall indebtedness, the net claim by foreigners on Canada as a whole, is increasing quite substantially. In the last five years Canada's total net indebtedness has increased by $80 billion. That is not a modest sum, in my opinion, because that indebtedness creates the necessity for continuing payments abroad by Canadians, thereby affecting our balance of payments and affecting the future certainty of our role in the world. That is the general overall indebtedness.

• (1110)

I find quite a difference between financing the Canadian fiscal deficit by borrowings in Canada and financing it by borrowings abroad. Certainly, the borrowings in Canada do not necessitate any obligations abroad or to foreigners. They do not have an impact on the balance of payments.

When we are borrowing roughly $14 billion a year to finance Canada's financial requirements or its deficit, we are borrowing that money to finance current consumption. That has to be related to the fact that the personal savings rate has also dropped dramatically in Canada and that, at the moment, it would appear that there is no option other than to rely on foreign savings to finance our deficit. We have been denouncing American fiscal policy because they have had to finance their deficits by the importation of capital, but we are doing the same thing. I hope that we will express some concern about that trend and possibly take some measures to correct it. We should at least consider it as an important question for national debate.

One might ask why foreigners are buying up so much of our Canadian debt. One might say that Canada is an attractive country—and it is; one might say that it has a stable political system—and it does; and one might say that there is a globalized world market—and that is true; but I think there are deeper reasons for the attractiveness of our debt instruments to foreign investors. It is more than our beauty.

Is the present high interest rate policy related to the necessity of financing our deficit abroad? Certainly, Mr. Wilson has attempted to draw a link between current high interest rates and the size of the Canadian deficit. That link tends to weaken as the amount of savings to finance the deficit is brought in from abroad, because, to that extent, the pressure on Canadian capital markets is reduced. I think that is a reasonable assumption to make.

I have never felt there was a strong link between current high interest rates and the Canadian deficit, because the high interest rates were presented to us as a way of combating inflation by the governor of the bank. There may be, however, another reason why we have these high interest rates and that is to finance our deficit by attracting capital from abroad.

I gather from the evidence of the witnesses that, when it comes to treasury bills, the purchase, which has increased in one year by $7 billion, was mainly from the United States. I asked a question to which I thought I knew the answer: Was it the treasury bill rate that was responsible, rather than our acknowledged beauty, for all these purchases? We learned from the witnesses that the differential in those rates between Canada and the United States is close to 300 base points. So is it a fact that our interest rate policy is related to the necessity of financing our deficit abroad? Is it a fact that it is a necessity, rather than a luxury, for us and that it is as much geared by these considerations as it is by the undoubted attraction of Canada?

Now, I make these points today, honourable senators, because I think they raise some policy implications which we can explore in the future. The first policy implication that I want to draw is that the linkage between the size of the Canadian deficit and domestic interest rates is not clearly established as a result of these factors. It does suggest the necessity of bringing our deficit under control and that it is folly for a nation to finance its current consumption, rather than its investment, by creating permanent obligations abroad. That is a matter of interest. I think one must ask: How can we reduce the differential between Canadian and American interest rates?

That is all I want to say at the present time, honourable senators. I found that my understanding of the relationship between our current account deficit and our fiscal deficit was certainly improved by the testimony that we received. I had not believed that our international net indebtedness was increasing so rapidly. I had not believed that we were relying so heavily on foreign savings to finance our current borrowing requirements. It is phenomenal that $14 billion of Canadian treasury bills and Canadian bonds were bought in one year. I am told that the amount is increasing and that, in the first

quarter of 1989, we will see that increase. I was surprised to discover that, apart from Canada Savings Bonds, which cannot be purchased by foreigners, 25 per cent of our debt instruments are now owned by foreigners. All of that surprises me and gives me cause for concern, so I am taking the opportunity simply to raise the question: Are there not some policy changes that ought to be considered to see whether we can reverse some of these trends?

Some Hon. Senators: Hear, hear.!

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

• (1120)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIFTH REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

Hon. Lorna Marsden: Honourable senators, I have the honour to present the fifth report of the Standing Senate Committee on Social Affairs, Science and Technology, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report, see Appendix "A", p. 460*).

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

Senator Marsden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be taken into consideration now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

SIXTH REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

Hon. Lorna Marsden: Honourable senators, I have the honour to present the sixth report of the Standing Senate Committee on Social Affairs, Science and Technology, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

[Senator MacEachen.]

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(*For text of report, see Appendix "B", p. 462*).

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

Senator Marsden: Honourable senators, with leave of the Senate and notwithstanding rule 45(1(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NINETEENTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, June 29, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

NINETEENTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Energy and Natural Resources for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Wednesday, June 21, 1989. The said budget is as follows:

Professional and Other Services	$19,844.00
Transportation and Communications	17,744.00
All Other Expenditures	3,000.00
TOTAL	$40,588.00

Respectfully submitted,

ROMEO LEBLANC
Chairman

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

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*Translation*]

TWENTIETH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, June 29, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

twentieth report

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Wednesday, June 28, 1989. The said budget is as follows:

Professional and Other Services	$11,500.00
Transportation and Communications	2,000.00
All Other Expenditures	3,000.00
TOTAL	$16,500.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

Senator LeBlanc (Beauséjour): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

TWENTY-FIRST REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budget and Administration, presented the following report:

Thursday, June 29, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to presents its

TWENTY-FIRST REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Agriculture and Forestry for the proposed expenditures of the said Committee. The said budget is as follows:

Professional and Other Services	$1,500.00
All Other Expenditures	3,500.00
TOTAL	$5,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

Senator LeBlanc (Beauséjour): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

TWENTY-SECOND REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, June 29, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-SECOND REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Special Committee of the Senate on National Defence for the proposed expenditures of the said Committee with respect to its examination of Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate, as authorized by the Senate on Wednesday, April 5, 1989. The said supplementary budget is as follows:

Professional and Other Services	$32,000.00
Transportation and Communications	1,250.00
All Other Expenditures	5,750.00
TOTAL	$39,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

Senator LeBlanc (Beauséjour): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*English*]

ENERGY AND NATURAL RESOURCES

SECOND REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

Hon. Dan Hays: Honourable senators, I have the honour to present the second report of the Standing Senate Committee on Energy and Natural Resources, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see Appendix "C", p. 464*).

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

Senator Hays: Honourable senators, with leave of the Senate and notwithstanding rule 45 (1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

THIRD REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

Hon. Dan Hays: Honourable senators, I have the honour to present the third report of the Standing Senate Committee on Energy and Natural Resources, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines of the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see Appendix "D", p. 466*)

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

Senator Hays: Honourable senators, with leave of the Senate and notwithstanding rule 45 (1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

● (1130)

CANADIAN ENVIRONMENTAL PROTECTION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy and Natural Resources, presented the following report:

Thursday, June 29, 1989

The Standing Senate Committee on Energy and Natural Resources has the honour to present its

FOURTH REPORT

Your Committee, to which was referred the Bill C-22, An Act to amend the Canadian Environmental Protection Act, has, in obedience to the Order of Reference of Wednesday, June 28, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

DANIEL HAYS
Chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mira Spivak: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

POLAND

GOVERNMENT-SOLIDARITY "ROUND-TABLE" DISCUSSIONS AND RESULTANT DEVELOPMENTS—NOTICE OF INQUIRY

Hon. Stanley Haidasz: Honourable senators, I give notice that on October 3 next I will call the attention of the Senate to

the historic Government-Solidarity "round-table" discussions and the resultant developments in parliamentary, political, social and economic reforms in Poland.

NATIONAL DEFENCE

CFB SUMMERSIDE, P.E.I.—NOTICE OF MOTION TO RECOMMEND FEDERAL-PROVINCIAL COOPERATION IN DEVELOPMENT OF SOUND ECONOMIC ALTERNATIVES

Hon. Orville H. Phillips: Honourable senators, I give notice that at the next sitting of the Senate I will move:

> That in view of the important role Canadian Forces Base Summerside plays in the economy of Summerside, Prince Edward Island, the Senate recommends that the Government of Canada and the Government of the Province of Prince Edward Island co-operate in developing sound economic alternatives to Canadian Forces Base Summerside.

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 26th September, 1989, at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

REQUEST FOR ANSWERS

Hon. H.A. Olson: Honourable senators, owing to a special request, I do not intend to raise any new subjects today.

Senator Flynn: What else is new?

Senator Olson: Well, it sounds like Senator Flynn wants to get something started.

Senator Frith: That is an open invitation!

Senator Olson: Honourable senators, this morning I promised myself and some other people that I would be very careful today. My problem, however, is that if I do not get some answers to the questions I have raised over the last couple of weeks—questions on which the Leader of the Government in the Senate has taken notice and given an undertaking to provide answers—I may not be able to keep that promise. Perhaps I will raise another question after we have heard from Senator Doody, but I will first hear what the government leader has to say.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, there are delayed answers to my honourable friend which are in the hands of the Deputy Leader of the Government.

One answer is in response to a question that Senator Olson raised on June 21 respecting Agriculture—Grain—Initial Price for the 1989-90 Crop Year—Request for Reconsideration. Another answer is in response to a question raised in the Senate on June 13 and 27 by Senator Olson and on June 20 by Senator Grafstein concerning China.

I am also informed that it is the intention of the Secretary of State for External Affairs to make a statement later today about our relations with China. We do have these delayed answers and Senator Doody will table them at the appropriate time.

Senator Olson: I appreciate the information the Leader of the Government has given. However, he did not mention whether the terms and conditions for the cash advances on farm-stored grain will be dealt with today. If he is unable to deal with that today, may I have an undertaking that he will send my office a description of how that will be handled, inasmuch as no bill has been brought forward?

Senator Murray: Honourable senators, I shall ask my colleagues, the Minister of Agriculture and the Minister of State for Grains and Oilseeds, to give me whatever information is available on that subject. I will undertake to pass it on to the honourable senator's office.

CANADA-SOUTH AFRICA RELATIONS

CANADA'S INITIATIVES IN FIGHT AGAINST APARTHEID

Hon. Joan Neiman: Honourable senators, I should like to ask a question of Leader of the Government. I was struck by articles in two of our newspapers this morning. One article in the *Globe and Mail* says, "Ottawa threatens a tougher South African sports ban," a move which I think most people would support. The other article from *The Ottawa Citizen* states, "Imports from S. Africa Up 130%."

These articles have led to an understandable reaction from people who thought Canada was supporting them in the fight against apartheid. Mr. Peter Mhlanga, the ANC's chief representative in Canada, has said:

> We hope and expect that Canada will be the focus of some criticism at the conference in Canberra as a consequence.

The conference in Canberra is a conference of the Commonwealth countries, which Canada is to chair. Mr. Mhlanga went on to say that several Commonwealth nations and front-line states are now beginning to question Canada's leadership role in the Commonwealth in the fight against apartheid.

Part of the reason given for this increase in imports has to do with certain precious or rare metals. Canada has stated that it is trying to find alternative sources.

The inconsistency and apparent hypocrisy between these two initiatives of the federal government seem to be great. I should like to know how great the effort of the government

has been to find alternative sources so it will appear more obvious that it is trying to support other countries in the fight against apartheid.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, without having seen the articles to which my honourable friend refers, I am hardly in a position to comment in any detail.

Canada does have one of the toughest policies in the world with regard to South Africa, both with regard to trade relations and sporting contacts. I will look into the particular question as to what alternatives, if any, are available for the South African imports to which the honourable senator refers. However, I assure the honourable senator that, whether it is with regard to imports or with regard to sporting contacts, we continue to take the most forceful action, wherever possible, to convey to the South African government the abhorrence that Canada has of apartheid.

• (1140)

THE CONSTITUTION

MEECH LAKE ACCORD—POSSIBILITY OF FEDERAL-PROVINCIAL ANCILLARY AGREEMENT

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Leader of the Government in the Senate. Some of us have been watching with interest the meeting of western premiers in Camrose, Alberta, which concluded yesterday. That meeting obviously showed a breakdown in the phalanx of support by at least three western premiers for the Meech Lake Accord as it is now written. Some of us are concerned about the rigidity of government positions with respect to Meech Lake and the infallibility of what has been written in stone, with no changes contemplated.

From newspaper reports this week it became obvious that western premiers, who, apart from Manitoba's, have generally actively supported the accord were having second thoughts. Indeed, the premier of my province of Saskatchewan, Premier Devine, who was the first premier, I believe, to immediately knee-jerk his complete support for the accord, is now wavering a little on the basis of what he suggests is some form of compromise by way of ancillary agreements that might be developed by the federal government and the provinces.

In view of the fact that this accord is a major concern of the Leader of the Government in the Senate in his role as Minister of State for Federal-Provincial Relations, my question is: Is the government contemplating any relaxation in the rigidity of their position, or is there any possibility of a form of ancillary agreement with the provinces that would alleviate some of the concerns that have been expressed by western premiers?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think it is hardly accurate for an honourable senator to speak of a breakdown in support when what comes out of the western premiers' meeting is that those governments which have ratified the Meech Lake Accord, as British Columbia, Alberta and Saskatchewan have done, continue to support it. Indeed, Premier Vander Zalm says that reopening or renegotiating the accord would mean the end of it; Premier Getty takes the same position. I am aware that the Premier of Saskatchewan, Premier Devine, who is strongly committed to the accord, discussed in public the possibility of some kind of parallel or other arrangement that would expedite passage of the accord.

The Government of Canada has always said that there is nothing to prevent the legislature of any province from starting the ball rolling by passing a resolution for a constitutional amendment, and the rest of us, including the other legislatures, would have to take note of that. What we exclude is the possibility of holding the Meech Lake Accord hostage to, or conditional upon, the passage of some other accord. That would be tantamount to renegotiating Meech Lake and, of course, as other premiers have pointed out, would simply be the end of it.

Senator Buckwold: Honourable senators, I have a supplementary question. I personally cannot agree with the confidence expressed by the Leader of the Government in the full support of the three western premiers of Saskatchewan, Alberta and British Columbia. I agree that Alberta has been unwavering and maintains its complete support. The others, however, are beginning to show that there are some cracks in the cement, and I think that should worry the Leader of the Government in the Senate. His statement that nothing very much has changed does not, in my opinion, really reflect the response of western provincial governments to the winds of change that are blowing out there. So I again ask for a response regarding a so-called agreement outside of Meech Lake that might help solve some of these problems. Believe me, those of us on this side of the house are looking for solutions—

Senator Flynn: You refused three times to support it!

Senator Buckwold: We are looking for solutions that may be available. So my question really was not answered with respect to Premier Devine's proposal, which is certainly of interest to me, coming as I do from the province of which he is the premier. I wonder whether there has been any discussion with you in this regard or whether you might contemplate with favour a positive response to the suggestions that he has made.

Senator Murray: Honourable senators, the discussion of a so-called parallel accord is purely academic. There is no parallel accord; there is no accord that I have seen; there is no set of amendments that I have seen, or that anyone else has seen, that would enjoy nearly the support that the Meech Lake Accord enjoys in the federation.

The three political parties in Manitoba have not yet come to a common position on this constitutional issue. Manitoba and New Brunswick, the two provinces that have not yet ratified Meech Lake, do not have a common position, and if they arrived at a common position it would be simply by agreeing to the longest possible list of amendments and changes, which is the highest common denominator. So discussion of a

parallel accord, the passage of which would facilitate Meech Lake, is purely academic.

Senator Buckwold: I gather that Premier Devine does not consider it academic, since he has made a very real proposal.

Senator Murray: Honourable senators, I am not aware that Premier Devine has taken the position that passage of the Meech Lake Accord should be held hostage to the passage of some other accord. As I said a few minutes ago, there is nothing to stop some province from starting the ball rolling on a consitutional amendment, which would be considered on its own merits.

Likewise, I have suggested that there must be a political means by which Premier McKenna, for example, and the Leader of the Opposition in Manitoba, for example, could find some comfort and some assurance as to their concerns for consideration in the second round of constitutional reform to follow ratification of Meech Lake. In other words, all options are open, short of reopening or renegotiating Meech Lake.

• (1150)

Hon. Gildas L. Molgat: Honourable senators, I have a supplementary question on the same subject. Do I understand correctly that the minister is saying that the federal government is not prepared to entertain any discussions or negotiations with the provinces with regard to the Meech Lake Accord prior to the deadline date of June 30, 1990? Is that the position of the government?

Senator Murray: Honourable senators, I have stated, on behalf of the government, that we exclude absolutely any proposition to reopen or renegotiate Meech Lake, because we know that to do so would kill it.

MEECH LAKE ACCORD—FUTILITY OF SECOND ROUND OF NEGOTIATIONS

Hon. Paul Lucier: Honourable senators, the Leader of the Government continues to refer to "the second round". I believe he just said that Premier McKenna and Mrs. Carstairs could put proposals forward that could be considered in the second round. If the Meech Lake Accord is a seamless web that cannot be touched, if there will be no amendments of any kind at any time to what it contains, and if these individuals object to what is there, why would the other premiers agree to a second round once they have the Meech Lake Accord?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the concerns about future constitutional reform that have been expressed by Premier McKenna and by others go well beyond the constitutional amendments provided for in Meech Lake. I should also point out two things to the honourable senator. One is that the premiers, at their meeting in August 1986, unanimously agreed that their first priority was to negotiate the return of Quebec to the constitutional table, that they would do so on the basis of the five conditions that had been put forward by the Government of Quebec, and that they would then embark upon consideration of other constitutional reforms, and they enumerated several. Second, I should point out that many of the changes to the Constitution now being uttered in public discussion would be easier once Meech Lake is passed, because they would require the use of the general amending formula—namely, agreement between the Parliament of Canada and seven provinces having at least 50 per cent of the population of Canada; whereas to tackle them in the context of Meech Lake would require unanimity.

Senator Lucier: Honourable senators, in 1986, when those discussions took place, we did not have Bill 178, as we do now. I think this bill is really taking the Meech Lake Accord apart. Surely you are prepared to admit that.

Senator Flynn: It started before Bill 178!

An Hon. Senator: That's an excuse!

Senator Lucier: It is the excuse of some people, about 90 per cent of the people in Canada right now. It seems to me that it is ludicrous to suggest that there will be a second round at which some changes will be made when it is impossible to put in changes now—supposedly because it is a seamless web—and considering that once the Meech Lake Accord is passed you will need unanimous consent. So the people who now say that they do not want the changes would have to agree in the second round. Why would anyone agree to a deal like that?

Senator Murray: Honourable senators, I have already explained the constitutional process that we are embarked upon. The first ministers were left with no choice at all following the 1982 exercise. There was no point, no point in the world, in trying to pursue further constitutional reforms until the 1982 problem was resolved and we had ten provinces back at the table. For proof my friend need only look at the results of the first ministers' conferences that were held on aboriginal constitutional affairs. Those conferences did not succeed. One of the reasons why they did not succeed is that we had only nine provincial delegations taking part in the discussions.

Senator Lucier: That's stretching it!

Senator Murray: Now the honourable senator is, at length, basing his objections to the Meech Lake Accord on Bill 178 of the Quebec legislature. The honourable senator was opposed to every jot, tittle, comma and phrase in Meech Lake long before Bill 178 came along, and, frankly, it does not do him much honour now to hang his hat on Bill 178.

In any case, let me remind him that the invocation by the Government of Quebec of the "notwithstanding" clause is related to the 1982 constitutional exercise and has nothing whatsoever to do with Meech Lake.

Senator Lucier: Honourable senators, did the Premier of Quebec not state that had he had the Meech Lake Accord he would not have had to bring in Bill 178?

Senator Flynn: No! You're all mixed up!

Senator Murray: Honourable senators, Premier Bourassa should send me a case of scotch for the number of times I have had to get up in this place and—

Senator Phillips: What would you do with it?

Senator Murray: I don't know. Perhaps I would donate it to the Crown.

Senator Doody: You could send it back!

Senator Bonnell: I did not know that you could be bribed!

Senator Murray: Perhaps I am speaking too lightly on a serious matter. However, in answer to Senator Everett on May 4 and in reply yesterday to Senator De Bané I dealt with this question. Premier Bourassa has never made—indeed, he has been at some pains to deny it—the link that the honourable senator is suggesting he has made. Under no conditions would he trade the "notwithstanding" clause for the "distinct society" clause, for reasons that I am sure are evident to my honourable friend.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to the following questions: On June 13 Senator Austin asked a question respecting the environment and Senator Denis asked a question about air polluton on Parliament Hill. Questions were asked on June 13 and 27 by Senator Olson and on June 20 by Senator Grafstein respecting China, the political situation there and trade implications. Questions were asked on June 20 by Senator Bonnell and on June 27 by Senator Thériault respecting tourism in Prince Edward Island and the status of federal-provincial agreements. Senator Olson asked a question on June 21 respecting agriculture—grain—the initial price for the 1989-90 crop year, and Senator Stanbury asked a question on June 22 respecting immigration and refugee determination.

I would ask that they be printed as part of today's proceedings.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we have adopted this practice of simply having these answers printed in *Hansard* so that the senators asking the questions, and any others who might want to, can make comments after reading them. I hope we all realize that anyone who wishes to comment on these answers or others will have a long wait. Some might want to have some of these answers read out.

Senator Argue: And get a more intelligent reply!

Hon. Lorne Bonnell: Honourable senators, I think that the policy with regard to delayed answers should be changed so that the senator asking the question gets a copy of the answer as it is being tabled, and others could read about it in *Hansard* the next day.

• (1200)

Senator Frith: Even before.

Senator Bonnell: The senator who asked the question should immediately receive the answer at his desk. I will have no idea what is contained in that reply until I return in September, and I should like to know now what is contained in

[Senator Phillips.]

that answer concerning the ERDA agreements for Prince Edward Island.

Senator Doody: Honourable senators, I would be pleased to try to apply any constructive suggestion, such as that just advanced by Senator Bonnell. The very fact that information has been so forthcoming in this past couple of years is an amazing advance over past practices.

Some Hon. Senators: Oh, oh!

Some Hon. Senators: Hear, hear!

Senator Doody: Nevertheless, Senator Murray has been telling me to clean up my act, to get it together, and to try to keep Senator Bonnell and others happier than they have been in the past, and I have pledged to him that I will.

In the meantime, copies of this information will be made available.

Senator Frith: I think Senator Doody's suggestion is a good one, especially in view of the pending long adjournment. He will have copies of the answers made and they will be given to the senators concerned. We can agree to revert if senators wish to raise some point arising out of an answer.

Senator Doody: Certainly.

THE ENVIRONMENT

GLOBAL INTERDEPENDENCE AS AGENDA ITEM AT SUMMIT MEETING

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 13 last by the Honourable Senator Austin respecting The Environment—Global Interdependence as Agenda Item at Summit Meeting.

(*The answer follows*:)

Environment will be major subject at the Summit.

Discussions on environment are expected to focus on the following areas:

—sustainable development

—atmospheric problems (e.g. global warming and acid rain)

—marine environment

THE ENVIRONMENT

AIR POLLUTION ON PARLIAMENT HILL—PRIME MINISTER'S LIMOUSINE CORTÈGE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 13 last by the Honourable Senator Denis respecting The Environment—Air Pollution on Parliament Hill—Prime Minister's Limousine Cortège.

(*The answer follows:*)

The vehicles are not meant to park directly next to the Centre Block, and will not do so on a regular basis.

Because of parking limitations on Parliament Hill, they must however park nearby for brief periods while they await the departure of the Prime Minister. The RCMP have been requested to minimize usage of the motors during this period. However, because of communications equipment and related security concerns, the engines cannot be shut off at all times.

CHINA

POLITICAL SITUATION—EFFECT ON ECONOMIC AND COMMERCIAL RELATIONS WITH CANADA—PROVISION OF CREDIT FOR GRAIN SALES—SHIPMENT OF GRAIN—EFFECT ON BILATERAL EXCHANGES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 13 and 27 last by the Honourable Senator Olson and June 20 last by the Honourable Senator Grafstein respecting China—Political Situation—Effect on Economic and Commercial Relations with Canada—Provision of Credit for Grain Sales—Shipment of Grain—Effect on Bilateral Exchanges.

(*The answer follows:*)

Trade links between Canada and China have not been suspended. The future direction of our relations with the People's Republic of China is currently under review. A round-table of academics, businessmen, and non-governmental organizations, invited by the Secretary of State for External Affairs, the Right Honourable Joe Clark, met in Ottawa on June 22 to examine the situation in China, and how it will affect our relations with that country. Our trade relations with China were examined at that time. Mr. Clark announced a series of further measures regarding our relations with the People's Republic of China on June 29, 1989. Canada's trade with China, concentrated in the agriculture sector, will be preserved, but there is not a "business as usual" approach to the Chinese government.

Canada's grain sales to China are no longer managed under a long-term agreement (the last such agreement expired in 1984), and are instead negotiated between the Chinese state enterprise responsible for grain purchases—"Ceroils"—and the Canadian Wheat Board on the basis of negotiations held approximately three times per year.

Since 1958, Canadian grain sales to China have totalled 79 million tonnes, largely wheat. These very substantial sales of Canadian grain to China play an important role in helping to feed the Chinese population, and it is not our intention to interrupt this flow of food to the Chinese people.

The suspension of high-level exchanges between Canada and China was announced by the Secretary of State for External Affairs in the House of Commons on June 5, during the emergency debate on China. The question of high-level visits with the People's Republic of China was included in the review of our bilateral relationship with China that has just been completed. We will continue to avoid for the time being high-level contacts with the Chinese government.

TOURISM

PRINCE EDWARD ISLAND—STATUS OF FEDERAL-PROVINCIAL AGREEMENT—RENEWAL OF ERDA SUBAGREEMENTS ON TOURISM

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 20 last by the Honourable Senator Bonnell and June 27 last by the Honourable Senator Thériault respecting Tourism—Prince Edward Island—Status of Federal-Provincial Agreement—Renewal of ERDA Subagreements on Tourism.

(*The answer follows:*)

I have consulted my colleagues, the Honourable Elmer MacKay and the Honourable Tom Hockin, regarding the status of a federal-provincial tourism agreement and we are aware of the concerns raised in the provinces regarding the government's decision not to renew the ERDA-tourism subagreements. These cost-shared, five-year subagreements were signed with all the provinces and the territories. The federal government has provided $246 million since 1984. Subagreements with six provinces have expired (Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island, Saskatchewan and the Yukon). The others will expire in this present fiscal year.

The subagreements have achieved their purpose. The Hon. Tom Hockin indicated to his provincial*territorial colleagues on June 1st at a federal*provincial conference that there would not be a third generation of tourism subagreements. Having built an internationally competitive tourism product and given the new fiscal and economic environment, it is time to begin a new era.

Mr. Hockin is now finalizing a new federal tourism plan and will be consulting with provinces*territories and the industry over the summer and fall.*

In the meantime, federal financial support for tourism projects continues to be available in the Atlantic provinces under the Atlantic Canada Opportunities Agency. The Honourable Elmer MacKay has advised me that in Prince Edward Island alone, ACOA has spurred more than $22.5 million of investment in tourism, and has contributed more than $12.7 million to 198 tourism projects since February 1988.

Moreover, Industry, Science and Technology will continue to support the tourism industry by:

1) increasing international awareness of Canada through destination marketing;

2) providing research and strategic information to industry;

3) influencing policy decisions of other federal departments and the Cabinet that affect the growth and competitiveness of the industry.

AGRICULTURE

GRAIN—INITIAL PRICE FOR 1989-90 CROP YEAR—REQUEST FOR RECONSIDERATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 21 last by the Honourable Senator Olson respecting Agriculture—Grain—Initial Price for 1989-90 Crop Year—Request for Reconsideration.

(*The answer follows:*)

The Government has made it a practice to announce Canadian Wheat Board (CWB) initial payments before spring seeding. The 198990 *CWB pool accounts will likely extend to about October 1990. Thus, when the initial payments were established in April, it was necessary to try to forecast possible developments that will affect grain prices until the fall of 1990. The outlook for that period will be affected by not only the world grain crop in 1989 but also the level of world production in 1990.*

The world market situation has been unsettled throughout the spring. Prospects are improving for a large crop in Western Canada this year. Market prices in recent weeks have fluctuated, reflecting continuing uncertainty. Prices are expected to remain sensitive to weather conditions around the world for the remainder of the growing season.

Initial payments for 198990 *are higher than the initial payments originally set for 198889*, although they are lower than current levels. The 198889 *initial payments for wheat and durum were increased twice and the 198889* initial payments for barley were increased once. The increases were possible because of developments in world markets.

It must be emphasized that initial payments are not an income support mechanism but, rather, are intended to provide part of the producers' eventual return at the time of delivery. If revenue realized by the Canadian Wheat Board exceeds the initial payment, then further payments are made either through an adjustment payment during the crop year or as a final payment when the crop has been marketed.

The government is continuing to monitor the situation closely and the initial payments will be increased if warranted by the market.

IMMIGRATION

REFUGEE DETERMINATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 22 last by the Honourable Senator Stanbury respecting Immigration—Refugee Determination.

[Senator Doody.]

(*The answer follows:*)

Procedures are in place to ensure each claim undergoes two reviews under humanitarian and compassionate criteria. The first review occurs before any Immigration inquiry, the second before any removal is carried out.

Prior to the decision to commence an inquiry, officers examine each case to determine if the applicant is a member of a family class who would suffer undue hardship if forced to apply from abroad.

At this stage, officers also look for circumstances which indicate that claimants, through their actions, may have so embarrassed their government as to leave themselves open to severe sanctions should they return home.

Where a claimant is turned down, a second review of humanitarian and compassionate concerns is conducted before removal is contemplated.

The independent decision makers in the new refugee determination system and officers reviewing cases on humanitarian and compassionate grounds have received training on the requirements of the new legislation and have considerable resources at their disposal to assist them.

These resources include officials stationed abroad, expertise available at National Headquarters and the new Documentation Centre, a world class information source which provides country profiles to all interested parties, including immigration staff.

Many legislative and administrative safeguards which are in place throughout the system ensure that persons are not forced to return to a situation where their lives might be in danger.

The government's new refugee determination system is among the world's best. Mr. Gordon Fairweather, Chairman of the Immigration and Refugee Board, has recently been advised by the United Nations High Commissioner for Refugees that the new refugee determination might well serve as a model for other nations.

The merits of each claim to convention refugee status are considered in a fair and just manner by independent decision makers in a process that gives every benefit of doubt to the individual.

For those who cannot satisfy the United Nations definition of a convention refugee, humanitarian and compassionate factors are considered before an inquiry is commenced and once again before any removal is contemplated. This ensures that persons who are genuinely in need of Canada's protection receive it.

APPROPRIATION BILL NO. 2, 1989-90

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), moved the third reading of Bill C-35, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1990.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, yesterday, in my intervention, I pointed out that this departure from the usual procedure—namely, that Supplementary Estimates were being asked for before the Main Estimates were approved—had been mentioned by the committee in its report. I mentioned that we hoped, and I think it was agreed, that this was an exception and ought not to be the rule. I did not say anything about the quality of the exception in this case, but, just to complete the record, Senator Doody did, and it seems to me that this is a good example of an exception to the general rule. I believe we understand that it should remain an exception.

Hon. Hazen Argue: Honourable senators, I would like to say a few words before this bill is given third reading. I apologize to the Senate for doing so now, but there is something I omitted to say yesterday, and it is important to me, at least, that it be said.

In the Standing Senate Committee on National Finance I asked the minister why a cap, a maximum payment, was not placed on the amount of money that might be received by any one producer. The minister said, among other things, that only about 1,000 or 1,500 would be affected. He was not quite sure what amount would be involved. He said he felt that for a small number of persons a cap should not be put on.

However, it seems to me that an important issue is involved here. There are precedents where the government has put caps on programs that have involved treasury paying out substantial sums of money to agriculture. The principle here is that the government should not condone or appear to support very large corporate farms. The public of Canada and the farmers themselves believe in the independent, efficient, family farm as the basic unit. In the past, when this government provided money for deficiency payments, a cap of some $25,000 was placed on the amount of payments that might be made to an individual corporation or an individual farmer. I believe that was a good precedent and that it should be maintained. That kind of cap says to the taxpayers of this country that, when a program like this is necessary—and this one is necessary—the government is taking the precaution of making certain that those who might receive very large sums of money do not, in fact, do so.

I do not know what the maximum payment will be under this particular program, but, if a farmer or a corporation should be cropping some 5,000 acres of land and if the payment is $40 an acre—and we are told that the maximum might well be $47 an acre—that would mean a payment of $200,000. Knowing how the media picks up these things, when the figures are made public I can see headlines to the effect that a few farmers received very large sums of money. Publicity in the United States is always given to those who receive large payments and that, by itself, I think, distorts the picture and makes the taxpayers generally feel that this kind of program should not be supported.

For all of these reasons, honourable senators, I think a cap should have been put on this program. If and when the government needs to introduce other programs by way of deficiency payments or other emergency measures—and I am sure they will be needed in the future—it should consider following the practice established of maintaining a cap so that the message to producers in this country will be that the government supports independent, efficient, family farms, but that it is not giving any signal to the effect that it is using taxpayer's money to support very large corporate farms.

Motion agreed to and bill read third time and passed.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—THIRD READING

Hon. Eileen Rossiter moved the third reading of Bill C-8, to amend the Department of Labour Act.

Motion agreed to and bill read third time and passed.

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL

THIRD READING

Hon. Nathan Nurgitz moved the third reading of Bill C-24, to amend certain legislation respecting superannuation and other pensions.

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

Hon. Eymard G. Corbin: Honourable senators, the question of the effect of divorce and subsequent death of a superannuate on superannuation payments to the survivor, that is, the ex-spouse, was raised in committee on Tuesday by Senator Hébert on the tail of comments I made in the Senate that same day.

The spokesperson for Treasury Board, with the title of "Group Chief, Legislative Group, Pensions & Special Projects Division", informed the committee that problems did indeed exist. That person said that where there is a court order for support Treasury Board can honour such a court order. She did say, and I quote, "can honour such a court order." I would think that the government has no choice but to follow the order. It is not a matter of choice.

• (1210)

The witness further stated:

> The law permits us to honour a court order for support and to divert a part of a pension to satisfy an order for financial maintenance. However, that diversion ceases when the pensioner dies.

I do not know, honourable senators, if the statement which I have just quoted to you is a correct interpretation of the proposal, in terms of whether the court, in taking that decision, considers whether the superannuate would have to split the fruit of that pension only during his or her life, or if, in fact, that would continue to apply after the death of the superannuate. That is one point on which we are not clear.

The same witness in committee went on to say that the situation was somewhat different when it came to credit splitting; in other words, when it came to the formal division of assets. The witness said:

> That is a property division matter, not a matter of support. At the moment . . . our legislation does not accommodate an order to split the pension asset. Those arrangements have to be made between the parties.

Honourable senators, in both instances the existing law does nothing to help these people, and Bill C-24 does nothing to change the situation.

Another witness from Treasury Board, who occupies the position of special advisor, Information Management Technology, did admit that Bill C-24 is but a partial response to the changes that superannuates and their families are demanding. He said:

> The original intent was to capture these amendments

—or these requests for amendments, if you wish—

> within a global reform process. For whatever reason, that did not happen. Our minister felt that on certain issues he could not wait any longer. All the other issues are quite valid and will be addressed soon.

Honourable senators, it is my view that, had not certain action been taken before the courts, the government would not even have budged on this matter before us today and contained in Bill C-24. It seems that only the threat of court action can whip the government into addressing itself to these contentious matters and force it to present legislation to Parliament. When I hear the government or government spokespersons use the word "soon", I am tempted to ask the question that Senator Olson frequently poses: How soon is soon?

In any event, there are many families in Canada for whom "soon" should have been today, if indeed not yesterday, last year or all the way back to 1985, when the Charter of Rights came into force, and not some unknown date in the future.

Therefore, we take some limited satisfaction that people will definitely be helped by Bill C-24. We do not deny that. We regret, however, that others continue to be left out in the cold on the death of a superannuate former spouse. We urge the government to move at a faster pace to correct these anomalies, if not inequities.

It certainly will not be the Senate—and particularly not this side of the Senate—that will delay passage of such legislation, after due process and critical examination in keeping with our constitutional duties.

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

[Senator Corbin.]

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

NON-SMOKERS' HEALTH ACT

BILL TO AMEND—THIRD READING

Hon. Ethel Cochrane moved the third reading of Bill C-27, to amend the Non-Smokers' Health Act.

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

Hon. Lorna Marsden: Honourable senators, a point was raised in our committee regarding this bill that I would like to put on the record.

The Law Clerk and Parliamentary Counsel to the Senate drew to the attention of the committee that the Senate will be defined as an employer for the purposes of the act, and that under the act an employer who contravenes the act can be prosecuted in a court under summary conviction procedures, found guilty of an offence and fined. A legal officer for the Department of Labour assured the committee that the Senate could not be charged, brought before a court and convicted. According to him, the privileges of the Senate and its lack of legal personality would prevent that from happening.

Honourable senators, our committee does not wish to gainsay the opinion of the government's legal counsel, but we certainly want his assurances to be a matter of record for further reference. It does seem to us that, where Parliament specifically subjects the Senate to an act and then provides that those subject to the act can be impleaded in a court of law, and where there is a complaint, the courts will accept to intervene.

Although it is constitutionally possible for Parliament to subject the houses to the jurisdiction of the courts and of inferior tribunals for specific purposes, it is highly undesirable for that to become a practice. It gives the false impression that our Constitution is built upon the supremacy of the courts rather than the supremacy of Parliament.

It seems to us that, as a rule, bills such as these, which aim to achieve certain desirable social objectives on the Hill as well as in government offices, should, in each case, contain a specific clause stating that the houses are to enforce the rule internally and setting out, if necessary, the mechanics by which each house is to do so.

A similar point, not raised in committee but which raises the same sort of issue, is the jurisdiction given by the act to the Minister of Labour to designate inspectors who are given a statutory right to inspect any work space under the control of an employer. How a conflict between this statutory right and, for example, the right of a committee to sit *in camera* will be resolved, where there are complaints of smoking in committee meetings, is a question we raise and leave unresolved for now.

The committee also encountered certain problems with the drafting of the bill. One clause in particular, namely, clause 5, was found to have been drafted in a very convoluted way. It begins with a prohibition formulated in the negative,

provides for an exception to the prohibition, and then also provides for an exception to that exception. This confusing clause exemplifies the problems we urge the government to avoid.

● (1220)

Honourable senators, this is not a perfect bill. Although the committee reported the bill without amendment, that does not rule out the possibility of future amendment. I believe that, if there is, indeed, a constitutional problem regarding the traditional immunities of Parliament vis-à-vis the courts, the matter can be corrected by future remedial legislation.

Hon. Ethel Cochrane: Honourable senators, I did attend the meeting of the Social Affairs, Science and Technology Committee at the time this bill was discussed. We did have the Minister of Labour and his staff as witnesses. I do agree with Senator Marsden that this bill is not a perfect bill and that we may have to revisit it at a later time.

Motion agreed to and bill read third time and passed.

[*Translation*]

PRIVATE BILL

THE SAFEGUARD LIFE ASSURANCE COMPANY—THIRD READING

Hon. Michel Cogger moved the third reading of Bill S-5, to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec.

Motion agreed to and bill read third time and passed.

[*English*]

JUDGES ACT

BILL TO AMEND—THIRD READING

Hon. Nathan Nurgitz moved the third reading of Bill C-30, to amend the Judges Act.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

29 June 1989

Sir,

I have the honour to inform you that Honourable Charles Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 29th day of June, 1989, at 1:30 p.m., for the purpose of giving Royal Assent to certain Bills.

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

The Honourable
The Speaker of the Senate
Ottawa

BUSINESS OF THE SENATE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I hope it is appropriate, as we prepare to adjourn for the summer, as indicated by the announcement of Royal Assent, to make a comment or two about the legislative program which the Senate has completed.

I know that we have been quite productive and cooperative in clearing government legislation. In fact, we on this side have fully cooperated in meeting the priority requirements of the government. We have waived the customary notices to facilitate the passage of many bills. We have dealt with Bill C-2, the Canadian Transportation Accident Investigation and Safety Board Bill; Bill C-7, respecting pari-mutuel betting, which is not quite in the same category, because we received it on May 4; Bill C-8, respecting labour matters, which we are passing today; Bill C-11, the borrowing bill, which we are passing today; Bill C-14, the appropriation bill, which we passed last month; Bill C-22, the environment bill, which we passed today; Bill C-24, the superannuation bill, which was received on June 22; Bill C-27, to amend the Non-Smokers' Health Act, which was received June 27; Bill C-30, to amend the Judges Act, which was received June 27; and Bill C-35, the drought relief bill, which we received yesterday.

In addition to that, we have cleared a number of private members' bills dealing with the changing of the names of electoral districts. They were received and passed the same day.

I believe that is a recitation that ought to be engrossed and delivered to the Prime Minister and the Leader of the Government in the House of Commons so that, if at any future time the Senate, as a matter of principle, takes additional time on legislation, they will recall the generally cooperative mood of the Senate.

I should add that we have not completely licked our plates clean. We are holding over a number of bills for later. Let us not reproach ourselves, because in that category we are certainly not as expansive as the House of Commons, which has adjourned until September 25 and has left groaning on the Table very huge edibles in the form of—well, there are actually 20 bills which were left on the Table in the House of Commons until September 25, including a bill to amend the Energy Supplies Emergency Act, a bill to amend the Bank Act, a bill to amend the Railway Act, the Forgiveness of Debt Bill, a bill respecting museums, the Plant Breeders Rights Bill, the Space Agency Bill, the Department of Multiculturalism

and Citizenship Bill, a bill to amend the Excise Tax Act, a bill to amend the Unemployment Insurance Act, a bill to amend the National Energy Board Act, the Nordion and Theratronics Divestiture Bill, a bill to amend the Geneva Conventions Act, a bill to amend the Income Tax Act, another bill to amend the Railway Act, the Department of Forestry Bill, a bill to amend the Governor General's Act, the Advance Payments For Crops Bill, a bill to amend the Federal-Provincial Fiscal Arrangements Act, and the Canadian Centre for Management Development Bill.

There are 20 bills left in the House of Commons. That is their business. They decided it was possible to adjourn and return on September 25 and resume study of those bills. All I want to point out is that, in comparison, the few bills that have been held over in the Senate are very slight indeed and lack the importance of many of the bills left in the House of Commons.

I believe it is important to place these facts on the record, because I am sure that at some future time the Senate might again—I say "I am sure"; maybe the world has changed and maybe it will never happen—be reproached for not making haste. The purpose of my comment is to say, if that reproach is ever made in the future, that it might be useful to recall the facts I have just laid out—

• (1230)

Senator Perrault: Hear, hear!

Senator MacEachen: —because they reflect quite admirably on the work of the Senate and the cooperative attitude that has prevailed here this session.

Some Hon. Senators: Hear, hear!

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, it would be less than noble of me—

Senator Perrault: Less than noble!

Senator Doody: —not to acknowledge the thanks of this house and of the government for the passage of those bills that we have passed to date. I was quite cheered and very optimistic at the beginning of the presentation because the indication to me at that time was that the opposition was going to install this new system of passing these bills in a speedy manner. However, I noticed toward the end of the dissertation that there was a little caveat slipped in, that possibly, maybe, perhaps some time in the future there might be some delay.

Senator MacEachen: On matters of principle!

Senator Doody: So I am somewhat more subdued than I was at the beginning of the exposition.

I was particularly captured by Senator MacEachen's thoughts of engrossing legislation that had been passed and his bringing it to the Prime Minister and to the Leader of the Government. If he wishes to do that, I will be only too pleased to accompany him. I am sure that the Prime Minister would be charmed to receive him. Once again, my thanks, honourable senators.

[Senator MacEachen.]

Senator Frith: Let us not turn that down out of hand!

Hon. Jack Marshall: Honourable senators, while we are on the subject, and since we are trying to get through the Orders of the Day in a speedy manner, I notice that in the 15 orders on the order paper every senator is referred to as "Honourable" except in Order No. 11, where the name is simply "Marshall".

Senator Perrault: Who?

Senator Marshall: I am wondering whether they did not have the funds to print the whole name, and also whether I am responsible for Order No. 11. I am also wondering if we are going to get to Order No. 11 before one-thirty.

Senator Doody: I don't know why that has happened. It will certainly be looked into, but Senator Marshall can take some comfort from the fact that Order No. 11 on the Scroll addresses the sponsor as "Senator Marshall".

CANADIAN EXPLORATION AND DEVELOPMENT INCENTIVE PROGRAM ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Macdonald (*Cape Breton*), for the second reading of the Bill C-19, An Act to amend the Canadian Exploration and Development Incentive Program Act.—(*Honourable Senator Olson, P.C.*).

An Hon. Senator: Stand!

Hon. C. William Doody (Deputy Leader of the Government): Regarding Order No. 7, is Senator Olson not going to speak to Bill C-19?

Hon. H.A. Olson: Honourable senators, I understand that Senator Roblin is prepared to move that this be sent to committee after second reading, and I am therefore prepared to pursue the rest of the questions that I have in the committee.

Hon. Duff Roblin: Honourable senators, I had prepared a lengthy rebuttal to the statements that my honourable friend made the other day when he favoured us with his characteristic broadside; but, on reflection, it seems to me that it was mostly noise and that we were not badly wounded from what we heard.

Senator Frith: That is what you get. I warned you!

Senator Roblin: So perhaps it will not be necessary for me to go into this matter in detail.

Senator Frith: Look out for charity.

The Hon. the Speaker *pro tempore:* Senator Roblin, if you are going to comment on this order, I must inform the Senate that your comments will close the debate on second reading.

Senator Roblin: My comments will be very short then.

Senator Frith: Hear, hear!

Senator Roblin: I accept the suggestion of my honourable friend that we should send this matter to committee—

Senator Frith: And from here on it will be more charitable.

Senator Roblin: —and I am sure we will be able to resume our discussion of this matter in that forum. I am sorry I cannot award him the brownie points that I am willing to concede to the Leader of the Opposition, but I understand his desire to have more extensive discussions of this matter and I am quite willing to accommodate him.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Roblin, bill referred to the Standing Senate Committee on Energy and Natural Resources.

INTER-PARLIAMENTARY UNION

EIGHTY-FIRST INTER-PARLIAMENTARY CONFERENCE, BUDAPEST, HUNGARY—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Nurgitz calling the attention of the Senate to the Eighty-First Inter-Parliamentary Conference, held at Budapest, Hungary, from 13th to 18th March, 1989.—(*Honourable Senator Neiman*).

Hon. Joan Neiman: Honourable senators, I hope to take only a few minutes of your time in order to bring you up to date on one of the ways in which Canadian parliamentarians are trying to help in the constant fight to restore or preserve the human rights of their fellow parliamentarians.

Senator Nurgitz, the chairman of the Canadian group of the Inter-Parliamentary Union, has tabled a copy of this large report on the activities of our group and of the general proceedings of the most recent conference in Budapest. It contains a complete account of the work of the Committee on the Human Rights of Parliamentarians, of which I am presently vice-chairman, and all of the public background material on the cases which the committee has been studying. They are a tragic recital of the cruelty, terror and even death which some parliamentarians face when they try to fight for their democratic rights.

In my report to the Senate on December 29, 1988, you will also find a complete backgrounder on how our committee functions; so today I should like to give you a progress report continuing on from that date.

I am happy to report that some real progress has indeed been made since I last spoke to you on the subject. The six Somali parliamentarians, who had been arrested and held incommunicado without charge for several years and later kept under house arrest, have finally had their house arrest lifted. The committee was able to recommend to the IPU Council the closing of their files as well as the file of a former Chilean parliamentarian who is apparently no longer under any duress.

Some of you may remember that the present chairman of the committee, Senator Solari Yrigoyen of Argentina, and I were requested by the Inter-Parliamentary Union Council to visit Malaysia and Indonesia last November to intercede with the governments of those countries for the release of certain parliamentarians from prison—seven in Malaysia and one in Indonesia. I said in my last report that, because of the excellent reception we had received from the governments and officials of both countries, we had returned with a sense of cautious hope that the cases would soon be resolved. The committee held further intensive discussions with the delegates from those countries at the Budapest conference in March.

● (1240)

In April the seven parliamentarians in Malaysia were released unconditionally and without any restrictions. Although the person in Indonesia about whom the committee is concerned is still in prison, the committee did receive positive indications that she will soon be released. I had hoped that that would be before the interim meeting of our committee in Geneva in ten days' time, so I shall be rather disappointed if we do not receive good news there.

The violations of the human rights of 18 parliamentarians from seven different countries were brought to the attention of the IPU Council in Budapest. Although I expect, because of the developments I have mentioned, that some of those cases will be closed at the conference in London in September, it is likely that the committee will have new ones to consider by then.

The will to fight for democratic rights and freedoms and the repressive measures taken to thwart those legitimate desires does not and will not end. Even as I am speaking thousands of people around the world are suffering and dying because they only want to enjoy those rights and liberties that we take for granted. They desperately need the active and unreserved assistance of individuals and nations.

Honourable senators, I worry that the strength of the reaction of many democracies—and I must include Canada among them—to blatant and harsh human rights violations in other countries appears too often to be in inverse proportion to their economic interests in the offending countries. I must add in parentheses that this observation has some unexpected and unhappy relevance to the question I put to the Leader of the Government earlier today regarding Canada's actions towards and relations with South Africa.

Unfortunately, the inconsistent and muted responses occur even within countries where indigenous peoples and ethnic minorities are involved. Other considerations such as religion, local interests or jealousies are sometimes allowed to prevail. But human rights are fundamental to a just society, and, in the end, what is just is also best for any nation.

The cases that our committee has handled or is still examining represent a miniscule proportion of the total volume of the misery and terror caused by human rights violations. The

fairly significant number of successes that the committee has achieved over the past ten years is due in no small part to the support of member countries of the IPU. We look to the parliamentarians within those countries to broaden the awareness and accentuate the need for continuous vigilance and efforts in the fight for democratic rights for all people.

We are fortunate here in Canada that our Secretary of State for External Affairs, the Right Honourable Joe Clark, has taken a personal and active interest in the work of our committee, as well as in other human rights problems. Our Canadian group enjoys a good working relationship with his department, and Mr. Clark has instructed his officials to send copies of the committee reports on various cases to the ambassadors or high commissioners in the countries concerned and to follow up with the officials there. Those kinds of pressures often take time, but I am confident that they will eventually pay off for the betterment of us all.

Honourable senators, when we return in September I shall be invited to appear before the Human Rights Committee of the other place to explain the work of the IPU Human Rights Committee and to enlist the active support of the members of the House committee in the particular cases with which the IPU committee is concerned. I would be happy to have the suggestions and support of interested senators in attaining our objectives more quickly and effectively.

The Hon. The Speaker *pro tempore:* Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

NATIONAL DEFENCE

MOTION FOR RECONSIDERATION OF DECISION TO CLOSE CFB SUMMERSIDE, P.E.I., ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator McElman:
>
> That in view of the national commitment to serve the development of Canada's regions and the role of the national defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only national defence base in Prince Edward Island, that is Canadian Forces Base Summerside, and calls upon the Government of Canada to reconsider this decision.—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I notice that in the *Debates of the Senate* of yesterday Senator Bonnell, as usual, gave me credit for doing a lot of things.

Senator Buckwold: And rightly so!

Senator Marshall: He said:

> I would like to suggest that Senator Macdonald

—who was good enough to adjourn the debate in my name—for whatever reason, I don't know—

[Senator Neiman.]

> ask Senator Marshall to make every effort to speak tomorrow. Senator Marshall has, in the past, been a great speaker on behalf of servicemen and veterans. I am quite sure that he would not want to hold this matter up over the summer months so that these people in Summerside will be in suspense as to what will happen to their base.

I thank Senator Bonnell for his remarks. When the DC-9 service by Air Canada was deliberately withdrawn from Stephenville, Newfoundland, Senator Bonnell supported me, for which I also thank him.

Honourable senators, I would not want to see harm done to any Canadian, but I notice that even the government which Senator Bonnell supported decided, in 1970, to close the base at Summerside. Then, in 1980, I believe, they considered it again. There must be good reason for the decision to close this base, just as there would be to close a base in any other part of Canada. While I sympathize with these people, honourable senators, I cannot say that I must agree or disagree with the decisions of the Canadian Forces and the Government of Canada.

Honourable senators, I have some background on CFB Summerside and I think it is worthwhile to put some of it on the record. CFB Summerside is located approximately 60 kilometers west of Charlottetown. It supports a tracker maritime patrol squadron and a search and rescue squadron, which are very important to Atlantic Canada, certainly as regards the fishery, and it comes under Maritime Air Group Air Command.

The base will be closed, tracker flying operations will cease and the regular and reserve squadrons will be disbanded. The search and rescue squadron, as I indicated, is extremely important to Atlantic Canada in respect of surveillance of the foreign draggers that are raping our shores and our fishery beyond the 200 mile limit. The junior leadership and airborne electronic sensor operator training schools will be transferred to a base in the maritimes to be designated at a later date. The tracker squadron will cease operations in early 1990. Remaining activities and personnel will be relocated in an orderly fashion over the following two years.

Honourable senators, I do not think I need go on to provide all of the details of this background information other than to say that I understand that the closure will have a serious impact on the economy of Prince Edward Island. But this plan to close CFB Summerside has been considered by the Canadian Forces and the Department of National Defence for some years, and, evidently, justifiably so. There was enough warning years ago that an alternative plan should be thought of and discussed regarding the economic viability of Summerside and the need to protect the employment and other social and economic issues in Summerside, and, indeed, in Prince Edward Island.

● (1250)

I understand that the Minister of National Defence was in Charlottetown this morning discussing with the premier the future of the base. I do not know the results, but I imagine one

of the senators from Prince Edward Island would be more aware of what happened than I. I am sure that the government is sympathetic enough that an alternative will be found for the use of CFB Summerside.

Personnel will be reduced by 607 military and 175 civilians. The total personnel cost savings are estimated to be approximately $447 million over the 15-year period from 1989-90 through to 2003-04. Honourable senators will be aware that, as a result of the budget, the Canadian Forces right across Canada, and even our responsibilities in NATO, will be affected.

As I indicated before, I have had many kicks at the cat to various government agencies and operations in the province of Newfoundland. While I sympathize wholeheartedly, as Senator Phillips did yesterday—and he came up with some very justifiable suggestions as to what should happen in the future—I can only support the decision of the Department of National Defence, although with reluctance.

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that if Senator Bonnell speaks now his speech will have the effect of closing the debate on the motion.

Hon. M. Lorne Bonnell: I should like to thank Senators Phillips and Marshall for their comments. One of the comments made by Senator Phillips was that this motion was proposed in the wrong house, at the wrong time, and by the wrong man.

In rebuttal to that, I would like to say that it was the wrong man, because the man who should have made the motion was Senator Phillips. He is on the government's side; he represented Prince County for a long time. When the Liberal government was in power, he was there arguing to hold the base, and they held the base because of the economic damage it would do to the province. It was not done from a national defence point of view but because, economically, it was destructive to the province to lose the base. Senator Phillips knows most of the people in Prince County and Summerside. He is from Kings County, at the east end of the island, and he is the man who should have brought the motion in the first place.

Senator Phillips suggested that this was the wrong place, that it should have been put forward in the other place. Honourable senators, we all know that if a member of the Opposition moves an amendment to the budget, in spite of the fact that the government might agree, it cannot accept the amendment because it would defeat the government and we would have another election. We are not trying to cause another election. The people have decided that they want the Progressive Conservative government at this time. To have a member of the Opposition make an amendment to the budget would result in a motion of non-confidence. It is up to the government, as we have suggested in this motion, to reconsider the closing. Opposition members cannot make amendments to the budget and have it carried in the House, otherwise there would be an election.

Senator Phillips mentioned that this was the wrong time. The time, he said, should have been when the budget was before the House. There is still time, because the base has not been closed. Nobody has been sent away. The people of Summerside are waiting for a confirmed answer. The Premier of Prince Edward Island is attempting to meet with the Prime Minister of Canada. The Prime Minister of Canada has not told the premier definitely that he is not going to ask the government to reverse the decision. They are waiting for a final commitment. They are waiting for the Prime Minister to say no.

Senator Phillips suggested that Prince Edward Island receives allocations, including family allowances, the old age pension and unemployment insurance. These are things all Canadians from coast to coast receive.

We do receive more per capita in old age security because we have more senior citizens than any other province in Canada. That is only because we are healthier, we have a better climate, better physicians, and people live longer.

Senator Phillips: I agree with the better physicians.

Senator Bonnell: Consequently, we do receive more per capita on old age security. All those allocations are nothing special for Prince Edward Island.

If the Government of Canada decides, as it has, to put a four-cent tax on gasoline, Prince Edward Islanders will pay their fair share. If the Government of Canada decides to cut back in EPF funding by 3 per cent, which means we will lose thousands of dollars, Prince Edward Islanders will pay their fair share. We, in Prince Edward Island, do not want to pay the greatest share of reducing the national debt by closing the only Canadian Forces base in our province, when every other province in Canada has three, four or five of those bases. We want to be treated fairly. We do not want special status. We want equal opportunity with other Canadians, whether they are from Bonavista or Vancouver Island.

Without further ado, honourable senators, I know you must realize how this will affect the economy of Prince Edward Island. I know this is a decision of the Government of Canada's that we are debating. We are asking the government to reconsider. I would ask all honourable senators to agree with me and pass this resolution unanimously.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore:* It was moved by the Honourable Senator Bonnell, seconded by the Honourable Senator McElman:

> That in view of the national commitment to serve the development of Canada's regions and the role of the national defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only national defence base in Prince Edward Island, that is Canadian Forces Base Summerside, and calls upon the Government of Canada to reconsider this decision.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Doody: On division.

Senator Bonnell: I think we should have a standing vote to determine whether or not the government is against Prince Edward Island.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "yeas" have it.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fourteenth report of the Standing Committee on Internal Economy, Budgets and Administration (Senator's expenses), presented on Wednesday, June 21, 1989.

Hon. C. William Doody (Deputy Leader of the Government): On behalf of Senator LeBlanc, I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*Translation*]

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

DEBATE ADJOURNED

Hon. Gérald Beaudoin rose pursuant to notice of inquiry of Tuesday, June 27, 1989:

That he will call the attention of the Senate to the Meech Lake Constitutional Accord and to the *Canadian Charter of Rights and Freedoms*.

He said: Honourable senators, I intend to say a few words about the relationship between the Meech Lake Accord and the Canadian Charter of Rights and Freedoms.

We have been talking about the Meech Lake Accord for two years. Two provinces have still not adopted it. Clouds are looming on the horizon.

Increasingly, debate is on the "distinct society" clause in relation to the Charter of Rights and Freedoms and less and less on the other four items in the Accord. I shall speak on the distinct society and the Charter of Rights and Freedoms.

[The Hon. the Speaker *pro tempore*]

I believe that the conditions set by Quebec after the May 20, 1980 referendum are acceptable. They will allow us to improve the federalism we have known since 1867. Confederation went through some very difficult times between 1960 and 1980.

The concept of distinct society poses a problem in some quarters.

Quebec is the only province with a Civil Code, the only province with a French-speaking majority and the only province where the French culture predominates. We know that Quebec was the cradle of New France. The British Parliament recognized Quebec's specific character in the Quebec Act of 1774 by re-establishing French civil law in its own colony in the 1791 act, in the 1848 act on the French language and finally in sections 92.13, 94, 98 and 133 of the British North America Act. It seems to me that denying Quebec's distinct character respects neither history nor the facts.

I am not the only one to conclude that Quebec is a distinct society. Former Senator Eugene Forsey, who nevertheless is opposed to the Meech Lake Accord, said in *Concepts of Federalism* (1965):

● (1300)

[*English*]

> Quebec is not just "one province like the others". It always has had, and always will have, a special position . . . It is the citadel of French Canada. This is written into the B.N.A. Act plainly, unequivocally.

[*Translation*]

Sociologically, Quebec is a distinct society. Very few politicians deny this today. I would even say that the debate on this issue is over. The only question that remains is: Should we say it in the Constitution?

The "distinct society" clause is one of many. Aboriginal people have a special clause in section 25 of the Charter of Rights and Freedoms. In Meech Lake there is a clause on linguistic duality. In section 27 of the Charter we have a clause on the multicultural heritage of Canadians which has been enshrined since 1982. So why not add to these clauses, which accurately reflect the character of our country, a clause indicating that Quebec, within this great federal country of ours, is a distinct society? It is a rule of interpretation that applies to the division of powers and to the Charter. It does not alter the Charter, nor does it alter the division of powers. It is not against the Charter but should be read in conjunction with the Charter.

We should not forget that the preamble to Meech Lake clearly states that all provinces are equal. Some people will say we should not state that Quebec is a distinct society because such a statement may be wrongly perceived by the other provinces. I believe there is a misunderstanding here.

Meech Lake does not say Quebec is superior or inferior. It says Quebec is distinct. However, although Quebec may be distinct in certain ways, it is still subject to the same division of powers as the other provinces, no more and no less. The Charter says that Canada is a multicultural country.

That is true. And that statement has influenced the Supreme Court's interpretation of the Charter in at least three or four decisions, including *Big M. Drug Mart*, the landmark decision on freedom of religion. So why not say, in one and the same section, that linguistic duality is a fundamental characteristic of Canada and that Quebec is distinct? Isn't this a step in the right direction? We should never forget that the linguistic duality enshrined in Meech Lake also applies to Quebec.

Of course, some people will say: Granted, multicultural heritage is an interpretation rule but it is enshrined in the Charter, not in the Constitution. They forget that the Charter is part of the Constitution. They forget that all our statutes are subject to the Charter. They forget that the wording of the "distinct society" clause is exactly the same as the wording of the "multicultural heritage" clause.

Hon. Royce Frith (Deputy Leader of the Opposition): But it is not separate from the other provisions of the Constitution.

Senator Beaudoin: Yes, but section 27 of the Charter says:

> 27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

Section 2(1)(b) says exactly the same thing:

> 2(1)(b) The Constitution of Canada shall be interpreted in a manner consistent with the recognition that Quebec constitutes within Canada a distinct society.

In both cases, we have a rule of interpretation that can influence the Charter without overriding or materially amending the Charter.

[*English*]

The Charter is still there. It is only a rule of interpretation.

Senator Frith: I am nodding to say that I hear your point; not that I agree with it.

Hon. Jean Bazin: You mean you agree?

Senator Frith: No. I hear the point, but I do not agree with it.

Senator Beaudoin: What I may say in reply to that is that the wording of clause 2 in the case of "distinct society" and the wording of clause 27 in the Charter with respect to "multicultural heritage" are exactly the same. Therefore, the chances are that the Supreme Court may construe them in the same manner. In any event, that is my case. I may be wrong; I may be right, but at least I am sincere.

Senator Frith: I will have my turn and I will be equally sincere.

Senator Beaudoin: The next question is whether Quebec has a "statut particulier" legislatively. That is not my theory.

[*Translation*]

First of all, the division of powers concept applies to Quebec as it does to the other provinces. Meech Lake says this very clearly in section 2(4). A province can hardly have special status if it does not have more power than another province in the area of division of powers. Section 2(4) of the Accord is very clear in that respect. Secondly, section 2 says that Quebec is part of the Canadian linguistic duality. This is the same section. For the first time, linguistic duality is enshrined in the Constitution of the country. This duality, according to Meech Lake, is a fundamental characteristic of Canada. In constitutional law, "fundamental characteristic" is the strongest expression you can use. It will certainly not be overlooked by the Supreme Court.

Quebec's power and duty, as defined in section 2, to promote the distinct identity of Quebec, does not go beyond the present legislative powers of that province.

In some circles, in recent months, a parallel has been drawn between "distinct society" and the "notwithstanding" clause in the Charter. The strategy may be clever but it is not very subtle, and I deplore it. The "notwithstanding" clause enshrined in the 1982 Charter of Rights and Freedoms has absolutely no connection with distinct society. Quebec never demanded the clause. I realize it has been used, but Quebec did not ask for it. The clause has been in existence since 1982 and it will be until it is removed, whatever happens to Meech Lake. In any case, legally, section 33 is much stronger than the "distinct society" clause. Section 33 goes much further. The courts have no say in the matter. Once the clause is used by a legislative body, the situation is locked in for five years, after which it can be reactivated. However, if we want to resort to the "distinct society" concept, it is always subject to interpretation by the courts. The concept of a distinct society has not been defined.

Some rules of interpretation are created by the courts, others by statute or by the Constitution.

Linguistic duality and distinct society, which, I repeat, are part of one and the same rule, belong to the latter category. We have here a rule of intepretation that is specifically enunciated in the Constitution.

Some Quebecers feel this is not enough, because, to them, "distinct society" is an empty shell and doesn't mean anything. Others, however, say it is a potential disaster. In my humble opinion, the truth is not so simple.

I repeat that the division of powers is not at all affected by the "distinct society" clause. While Quebec must preserve and promote its distinct identity, it must also preserve the country's lingusitic duality which prevails in each province.

It is a rule of interpretation, as indicated in the marginal note. It does not affect the wording of the Charter of Rights and Freedoms or the wording of the division of powers, but it can influence their interpretation. It is a specific rule of interpretation that reflects the Canadian reality and which, in a concrete case, could tip the scales either way, as would any rule of interpretation in a statute or constitutional text. It allows Canadian federalism to change and endure, preserving that which makes Quebec distinct. This is good for Quebec and it is also good for Canada.

If the purpose of Meech Lake were to override the application of the Charter, I would object to it. However, that is not the purpose of the Accord. It can influence the Charter's interpretation, and, as I said before, that has happened three times in the Supreme Court in the case of the multicultural

heritage of Canadians, and I agree with that. In fact, it is the court that will give the Charter its full impact.

There are precedents. The Privy Council, in 1881, in the *Parsons* decision, when it split the federal trade clause, and in 1937, in the *Labour Conventions* case, said that Quebec had a distinct civil code, and that was one of the reasons why it ruled that trade would have to be split in two, one provincial part and one federal part. The same principle was at issue in the *Labour Conventions* case. The Privy Council said quite clearly that signing treaties was a matter of federal jurisdiction but their implementation was subject to the division of powers principle and that Quebec had a different legal system. This rule of interpretation, which is implicit, becomes specific as a result of the "distinct society" concept.

In the recent case involving Chaussure Brown's, the Supreme Court stated clearly: You do not have the right to demand French only on commercial signs because this violates the freedom of expression provided in the Charter.

However, the Supreme Court went on to suggest that Quebec can give French a marked predominance because of Quebec's linguistic features. They agreed to construe section 1 of the Charter in that manner. This, in my view, is an excellent decision of the Supreme Court's.

The "distinct society" clause enshrines in the Constitution an explicit interpretation rule that the courts have already recognized as implicit in some cases.

I would like to say a word on the Supreme Court, if I am allowed a few more minutes, honourable senators. It is said that the Supreme Court can decentralize the Constitution too much. That suggestion disregards the history of the Supreme Court of Canada. It is not there to dismember Canada. It is there to harmonize it. It is there to balance our federalism. It is there to implement our Canadian federalism.

A word on the matter of the equality of men and women. Some people are concerned that Meech Lake could jeopardize the equality of men and women. Let them read section 28 of the Charter of Rights. Men and women are on an equal footing. The wording of section 28 clearly prevents any possible use of the "notwithstanding" clause. It clearly prevents possible use of section 1 of the Charter.

I have had the opportunity of reading a number of constitutions in my life and never have I read in any constitution a section that is as clear as section 28 of our Charter on the equality of rights of men and women.

Finally, a word for francophones outside Quebec, who say the agreements do not go far enough. They have claims. On language matters, francophones outside Quebec are right to fight for their language rights. Excepting the case of the native peoples, if one minority in Canada has reason to complain, it is francophones outside Quebec. They came very close to being wiped out during the first hundred years of our Confederation and they had to demonstrate a high level of courage. Fortunately, in 1982 Parliament decided to entrench in the Canadian Constitution the right of all linguistic minorities to have and to operate their own schools. I suggest they are not

[Senator Beaudoin.]

going to lose anything through the Meech Lake Accord. They are not getting everything they want. They will have to try again. But they are still making some gains. The linguistic duality has become a basic right in Canada. I feel that if the Accord were to be set aside, they would at least lose this advantage.

Finally, just a word on the time frame in the amending formula. Mr. Gordon Robertson said a few days ago that the three-year period does not apply to the Meech Lake Accord resolution because it must be unanimously adopted. It comes under section 41 of the Charter and not under section 38. Since there is no time frame, it is possible to go beyond June 23, 1990.

First, we should indicate that we agree that the Meech Lake Accord is whole and indivisible. Then we could indicate that it comes under section 41 and that the eleven first ministers must agree to it. We could also recognize that section 41 does not provide for any time frame. But where we can differ with Mr. Robertson who supports the Accord is on his further argument. We could conclude that section 41, which deals with unanimous consent, is an exemption to section 38 only as far as the degree of consent is concerned.

Regarding the time frame, the basic formula—that is clause 38—must apply, namely a three-year period.

Honourable senators, I conclude with this: The purpose of the Meech Lake Accord is to bring Quebec back to the negotiating table. It is a prerequisite to future constitutional reforms. We are moving toward a more balanced federalism, a true reflection of today's Canada. I believe this Accord is a major step in the right direction.

On motion of Senator Hicks, debate adjourned.

• (1320)

[*English*]

FOURTH LATIN-AMERICAN PARLIAMENTARY MEETING ON ENERGY AND PETROLEUM

ENERGY AND NATURAL RESOURCES COMMITTEE AUTHORIZED TO SEND REPRESENTATIVES

Hon. Dan Hays, pursuant to notice of Wednesday, June 28, 1989, moved:

> That the Standing Senate Committee on Energy and Natural Resources, which was invited by the Government of Venezuela to attend the 4th Latin-American Parliamentary Meeting on Energy and Petroleum, to be held in Caracas from 23rd to 29th July, 1989, be authorized to send representatives to Venezuela for the above-mentioned purpose.

Hon. Royce Frith (Deputy Leader of the Opposition): How many representatives will be sent?

Senator Hays: There is budgetary provision to send four. The intention of the committee is that three senators and one staff person will attend the conference.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

• (1400)

At 2 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Charles Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Honourable Charles Joseph Doherty Gonthier, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on her part necessary to be done during Her Excellency's pleasure.

The Commission was read by a Clerk at the Table.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Criminal Code (pari-mutuel betting) (*Bill C-7, Chapter 2, 1989*)

An Act to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain Acts in consequence thereof (*Bill C-2, Chapter 3, 1989*)

An Act to provide borrowing authority (*Bill C-11, Chapter 4, 1989*)

An Act to amend the Department of Labour Act (*Bill C-8, Chapter 5, 1989*)

An Act to amend certain legislation respecting superannuation and other pensions (*Bill C-24, Chapter 6, 1989*)

An Act to amend the Non-Smokers' Health Act (*Bill C-27, Chapter 7, 1989*)

An Act to amend the Judges Act (*Bill C-30, Chapter 8, 1989*)

An Act to amend the Canadian Environmental Protection Act (*Bill C-22, Chapter 9, 1989*)

An Act to change the name of the Electoral District of Saint-Laurent (*Bill C-239, Chapter 10, 1989*)

An Act to change the name of the electoral district of Markham (*Bill C-240, Chapter 11, 1989*)

An Act to change the name of the electoral district of Fredericton (*Bill C-241, Chapter 12, 1989*)

An Act to change the name of the electoral district of Renfrew (*Bill C-245, Chapter 13, 1989*)

An Act to change the name of the electoral district of Restigouche (*Bill C-252, Chapter 14, 1989*)

An Act to change the name of the electoral district of Windsor-Lake St. Clair (*Bill C-254, Chapter 15, 1989*)

The Honourable John Fraser, Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990 (*Bill C-35, Chapter 16, 1989*)

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, September 26, 1989, at 2 p.m.

APPENDIX "A"

(*See p. 440*)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIFTH REPORT OF STANDING SENATE COMMITTEE

THURSDAY, June 29, 1989.

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

FIFTH REPORT

Your Committee, which was authorized by the Senate on Wednesday, June 28, 1989, that Veterans Affairs Votes 1, 5, 10, 15 and 20 of the 1989-90 Estimates, which were referred to the Standing Senate Committee on National Finance on 2nd May, 1989, be withdrawn from the said Committee and referred to the Standing Senate Committee on Social Affairs, Science and Technology, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

LORNA MARSDEN
Chair

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

"SPECIAL STUDY ON VETERANS AFFAIRS ESTIMATES"

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD 30 JUNE, 1989 TO 31 MARCH, 1990

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Wednesday , June 28, 1989:

"The Honourable Senator Marsden moved, seconded by the Honourable Senator Turner:

That Veterans Affairs Votes 1, 5, 10, 15 and 20 of the 1989-90 Estimates, which were referred to the Standing Senate Committee on National Finance on 2nd May, 1989, be withdrawn from the said Committee and referred to the Standing Senate Committee on Social Affairs, Science and Technology.

The question being put on the motion, it was--
Resolved in the affirmative."

GORDON BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services	**$ 11,700.00**
Transportation and Communications	**500.00**
All Other Expenditures	**1,000.00**
TOTAL	**$13,200.00**

The foregoing budget was approved by the Committee on the 27th day of June 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Lorna Marsden
Chair, Standing Senate Committee on
Social Affairs, Science and Technology

Date: June 29, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 29, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services		
Research and Administrative Assistance $33,748 + 4% Annual (for 4 months)		$11,700.00
Transportation and Communications		
Telegrams and Telephones	250.00	
Postage and Freight	250.00	500.00
All Other Expenditures		
Contingency: to cover unforeseen expenses arising out of Subcommittee business		1,000.00
TOTAL		$13,200.00

FOR INFORMATION PURPOSES ONLY:

Budget of the Subcommittee on Veterans Affairs (Nielsen Task Force) 1987-1988 :	$18,599.00
Expenditures :	8,026.00

FOR INFORMATION PURPOSES ONLY:

Budget of the Subcommittee on Veterans Affairs (Nielsen Task Force + The Kid Who Couldn't Miss) 1988-1989 :	40,348.00
Expenditures :	20,096.00

APPENDIX (B) TO THE REPORT

THURSDAY, June 29, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology for the proposed expenditures of the said Committee, for Veterans Affairs Votes 1, 5, 10, 15 and 20 of the 1989-90 Estimates, which were referred to the Standing Senate Committee on National Finance on 2nd May, 1989, and withdrawn from the said Committee and referred to the Standing Senate Committee on Social Affairs, Science and Technology, as authorized by the Senate on Wednesday, June 28, 1989. The said budget is as follows:

Professional and Other Services	$ 11,700.00
Transportation and Communications	500.00
All Other Expenditures	1,000.00
TOTAL	$13,200.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX "B"

(*See p. 440*)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SIXTH REPORT OF STANDING SENATE COMMITTEE

THURSDAY, June 29, 1989

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

SIXTH REPORT

Your Committee, which was authorized by the Senate on Wednesday, June 28, 1989, to undertake a preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

LORNA MARSDEN
Chair

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

"SPECIAL STUDY ON SHORT-TERM CARE HOSPITALS AND INSTITUTIONS"

APPLICATION FOR BUDGET AUTHORIZATION FOR THE FISCAL YEAR ENDING 31ST MARCH 1990

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Wednesday , June 28, 1989:

"The Honourable Senator David moved, seconded by the Honourable Senator Poitras:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to undertake a preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada; and

That the Committee present its report no later than March 30, 1990.

The question being put on the motion, it was--
Resolved in the affirmative."

GORDON BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services (including salaries)	**$ 29,160.00**
Transportation and Communications	**500.00**
All Other Expenditures	**750.00**
TOTAL	**$30,410.00**

The foregoing budget was approved by the Committee on the 27th day of June 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Lorna Marsden
Chair, Standing Senate Committee on
Social Affairs, Science and Technology

Date: June 29, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 29, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services (including salaries)		
Research Assistance $27.00 per hr. x 120 hrs. per month x 9 months		$29,160.00
Transportation and Communications		
Telegrams and Telephones	250.00	
Postage, Freight and Courier Services	250.00	500.00
All Other Expenditures		
Purchase of Stationery, Books and Periodicals	250.00	
Contingencies	500.00	750.00
TOTAL		$30,410.00

APPENDIX (B) TO THE REPORT

THURSDAY, June 29, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology for the proposed expenditures of the said Committee, to undertake a preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada, as authorized by the Senate on Wednesday, June 28, 1989. The said budget is as follows:

Professional and Other Services	$ 29,160.00
Transportation and Communications	500.00
All Other Expenditures	750.00
TOTAL	$30,410.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX "C"

(*See p. 442*)

ENERGY AND NATURAL RESOURCES

SECOND REPORT OF STANDING SENATE COMMITTEE

THURSDAY, June 29, 1989

The Standing Senate Committee on Energy and Natural Resources has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Wednesday, June 21, 1989, to review the extent to which Petro-Canada has met its original purpose, and to evaluate this purpose with respect to Petro-Canada's evolving role in the Canadian energy scene, respectfully requests that it be empowered (i) to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study, and (ii) to adjourn from place to place within Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

DANIEL HAYS
Chairman

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

"PETRO-CANADA STUDY"

APPLICATION FOR BUDGET AUTHORIZATION FOR THE FISCAL YEAR ENDING 31st MARCH 1990

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Wednesday, June 21, 1989:

"The Honourable Senator Hays moved, seconded by the Honourable Senator Neiman:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the extent to which Petro-Canada has met its original purpose, and to evaluate this purpose with respect to Petro-Canada's evolving role in the Canadian energy scene; and

That the Committee present its final report no later than 31st March 1990.

The question being put on the motion, it was--
Resolved in the affirmative."

GORDON BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services	**$ 55,538.00**
Transportation and Communications	**24,099.00**
All Other Expenditures	**1,500.00**
TOTAL	**$81,137.00**

The foregoing budget was approved by the Committee on the 15th day of June 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Daniel Hays
Chairman, Standing Senate Committee on
Energy and Natural Resources

Date: June 22, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 29, 1989

APPENDIX (B) TO THE REPORT

THURSDAY, June 29, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Energy and Natural Resources for the proposed expenditures of the said Committee to review the extent to which Petro-Canada has met its original purpose, and to evaluate this purpose with respect to Petro-Canada's evolving role in the Canadian energy scene, as authorized by the Senate on Wednesday, June 21, 1989. The said budget is as follows:

Professional and Other Services	$ 55,538.00
Transportation and Communications	24,099.00
All Other Expenditures	1,500.00
TOTAL	$81,137.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX "D"

(*See p. 442*)

ENERGY AND NATURAL RESOURCES

THIRD REPORT OF STANDING SENATE COMMITTEE

THURSDAY, June 29, 1989

The Standing Senate Committee on Energy and Natural Resources has the honour to present its

THIRD REPORT

Your Committee, which was authorized by the Senate on Wednesday, June 21, 1989, to review the document entitled: "Energy and Canadians into the 21st Century: A Report on the Energy Options Process", tabled in the Senate on 16th August 1988 (Sessional Paper No. 332-1008) and in particular to examine the energy policy observations and recommendations contained therein, respectfully requests that it be empowered (i) to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study, and (ii) to adjourn outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

DANIEL HAYS
Chairman

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

"ENERGY OPTION STUDY"

APPLICATION FOR BUDGET AUTHORIZATION FOR THE FISCAL YEAR ENDING 31st MARCH 1990

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Wednesday, June 21, 1989:

"The Honourable Senator Hays moved, seconded by the Honourable Senator Lewis:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the document entitled: "Energy and Canadians into the 21st Century: A Report on the Energy Options Process", tabled in the Senate on 16th August 1988 (Sessional Paper No. 332-1008) and in particular to examine the energy policy observations and recommendations contained therein; and

That the Committee present its final report no later than 30th June 1990.

The question being put on the motion, it was--
Resolved in the affirmative."

GORDON BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services	**$ 27,280.00**
Transportation and Communications	**17,719.00**
All Other Expenditures	**3,000.00**
TOTAL	**$47,999.00**

The foregoing budget was approved by the Committee on the 15th day of June 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Daniel Hays
Chairman, Standing Senate Committee on
Energy and Natural Resources

Date: June 22, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: June 29, 1989

APPENDIX (B) TO THE REPORT

THURSDAY, June 29, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Energy and Natural Resources for the proposed expenditures of the said Committee, to review the document entitled: "Energy and Canadians into the 21st Century: A Report on the Energy Options Process", tabled in the Senate on 16th August 1988 (Sessional Paper No. 332-1008) and in particular to examine the energy policy observations and recommendations contained therein, as authorized by the Senate on Wednesday, June 21, 1989. The said budget is as follows:

Professional and Other Services	$ 27,280.00
Transportation and Communications	17,719.00
All Other Expenditures	3,000.00
TOTAL	$47,999.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

THE SENATE

Tuesday, September 26, 1989

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

Prayers.

THE HONOURABLE DAVID JAMES WALKER, P.C.

TRIBUTES ON RESIGNATION FROM THE SENATE

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have to advise you that our colleague, the Honourable David Walker, has advised the Prime Minister that he intends to resign from the Senate on Saturday next, September 30, after more than 31 years of distinguished service in the Parliament of Canada.

Senator Walker is the senior Privy Councillor in Parliament today. He is one of our senior senators; only Senators Croll, Molson, J.M. Macdonald and Flynn have served longer in this chamber. He has been in Parliament since 1958, when he was elected to the House of Commons. He was summoned to the Senate in 1963.

David Walker was a member of Prime Minister Diefenbaker's government from 1959 to 1962 as Minister of Public Works, Minister responsible for the Central Mortgage and Housing Corporation and Minister responsible for the National Capital Commission.

It was as a lawyer that he first made his reputation. Called to the bar of Ontario 58 years ago, created a King's Counsel 45 years ago, he has been an active practitioner until very recently, and his career in the courts is the stuff of which legends are and have been made, as many honourable senators who have practised with him in the courts will attest to. He brought his renowned legal skills and experience to the service of the Parliament of the country, and the political process and the parliamentary process have gained much from his contribution.

Apart from his family and friends, it is the law that has been the great love of his life, as those of us who have had the pleasure of reading his memoirs will recall. It must surely be a source of pride and satisfaction to him, as it is of admiration on the part of his friends and colleagues, that as a parliamentarian he has had such an influence on the making of law and public policy.

Many here have served longer in Parliament than David Walker. Some have practised with him in the law courts. I simply want to acknowledge, on behalf of Prime Minister Mulroney and our colleagues in government, Senator Walker's illustrious career in public life and thank him for his dedicated and distinguished service to our party, to government, to Parliament and to our country.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, let me be one of the first to attest, to use Senator Murray's word, to the formidable talents of our colleague, Senator Walker, in the courts. I did not serve with him in Parliament until I came to the Senate, and, as Senator Murray has pointed out, he was in the Senate long before then, and longer in Parliament, but in the days that I spent practising law in Toronto he was without question an acknowledged leader at the bar, particularly the "negligence" bar. I would say that Senator Walker was among the top five lawyers in Toronto at that time, in the company, for example, of Tommy Phelan and Mr. Hughes. I am not putting them ahead of Senator Walker; I am simply using them as examples of the kind of company he kept. He was indeed a formidable and implacable foe, as many lawyers will attest to, as Senator Murray has said. He was perfectly at home in court. One could take absolutely nothing for granted, nor could one rest even for a moment when in a fight with David Walker. Occasionally judges also found that he was not to be trifled with.

I remember one particular instance in courtroom number 3, which was the large courtroom at the corner of City Hall, or the then courthouse in Toronto, when Senator Walker was before a judge who was very autocratic. I will not mention his name now, but I will remind Senator Walker of his name afterwards as he will remember him well. Senator Walker was addressing the jury—he was extremely effective before a jury; he was putting a negligence test to the jury with which the judge did not agree. The judge said, "Mr. Walker, I hate to interrupt counsel in the middle of his address to the jury, and it is very unusual to do so, but the test that you are putting to the jury is not the proper test and I will not have it in my court!" I was sitting in court waiting for the next case to come up—fortunately, I was not opposite him at the time—when the judge said, "This is not the right test in my opinion and I will not have it in my court!" Davey paused for a moment, then turned and looked at him and said, "Oh? I did not know it was *your* court!" He subsequently won that case. The jury found in his favour.

"Distinguished" is a word we use perhaps too frequently, but there is no question that Senator Walker has had a very distinguished and successful career as an Ontario lawyer. In Parliament, particularly with regard to my experience in dealing with him when I was in Senator Doody's chair, he brought the same swiftness of attack and fierceness of purpose as when he was dealing with me in the courts. I was tempted to say that when you are in any kind of battle with Davey Walker, no quarter is given or asked for; but in Davey's case I always

thought that he was quite prepared to ask for quarter; he was just never prepared to give it.

I hope Senator Walker continues to have a good, long and interesting life, because his life certainly has been successful and interesting. I know that because I know him outside his professional capacity. I hope his long and successful life continues for many years.

Hon. Senators: Hear, hear!

Hon. John M. Macdonald: Honourable senators, I have known David Walker since he first came to the Senate. We became friends then and we have remained good friends ever since. I am sorry to see him leave, and I should like to pay my tribute to him and to speak of him in perhaps a more personal manner, as well as mentioning his legal and political careers.

It is well known in legal circles that he had a long and distinguished career as a lawyer; it is perhaps even more widely known that he had a second distinguished career as a member of Parliament, having served in the House of Commons and in the Senate. However, I know that David Walker has always thought of himself as, first and foremost, a lawyer. That is only natural, as he had a very successful career as a practising lawyer. I also think that his study and practice of the law had a lasting and beneficial effect on his life. It gave him a balanced judgment and an appreciation of the value of clear and logical thinking and of the necessity for lucid and reasoned expression.

Yes, honourable senators, David Walker, when in active practice, was well known and highly respected as a member of the legal profession—one who was known in legal circles as a successful and honourable practitioner.

In his second career as a member of Parliament he was a strong supporter of the Progressive Conservative Party. Indeed, it might well be said that he was an aggressive member of that party. That he was a partisan is well known, and in the House of Commons he liked the give and take of political debate. But he had no personal animosity towards those of opposite or different political views. And if by chance he said something in the heat of debate which might have given lasting offence, he immediately rectified it. Even in this chamber, where personal exchanges are not common, I have known him to delete or change in the blues some harsh references that he had made against someone which might have given offence.

Honourable senators, as I have mentioned, I have known David Walker as a friend for over 25 years. I know him to be a man of great personal integrity—an upright man, a man of high principle, a trustworthy man and one who is loyal to his party and to his leaders. Recently he published his autobiography. He called it "Fun Along the Way". I trust that in his retirement he will continue to have fun along the way.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Jacques Flynn: Honorable senators, when I heard that our colleague, the Honourable David Walker, had decided to resign his seat in the Senate after more than twenty-six years plus five years in the House of Commons, I must admit I was a bit shaken.

I met him when I was elected to Parliament in 1958, and so we have spent over thirty years together.

Last June, around the time that we adjourned for the summer, a book was published—Senator MacDonald (Cape Breton) mentioned this earlier—which I strongly recommend to anyone who has not had occasion to read it. The book's title is *Fun along the Way* and its subtitle is *Memoirs of Dave Walker*.

It is a fascinating, spontaneous and intimate self-portait of this famous lawyer who became a member of Parliament in 1957, Minister of Public Works in 1959 and has now been a senator since 1963. Behind the capable façade of a brilliant lawyer and parliamentarian, there is a great deal of candor and sensitivity.

While reading these memoirs, I was reminded of the many events and circumstances of political life, in which we shared the same concerns and twists of fate.

We were both defeated in the 1962 federal election, which facilitated our arrival in the Senate, myself in November 1962 and Mr. Walker in February 1963. If we had been elected, we would never have had a chance to be appointed senator since the government was defeated in 1963.

The book goes back much further, however, to his childhood and student days. One anecodote I found particularly interesting because of the setting which is familiar to me and because we often talked about it. We see him as a young student in Toronto, a protégé of Harry Cody, later president of the University of Toronto and of Howard Ferguson, then Prime Minister of Ontario. He spent a summer in Quebec City, or more accurately, in Ste-Croix de Lothbinière, to learn French under the tutelage of Father Maurice Laliberté, who subsequently became a canon and my teacher in high school a few years later.

As a young student, he was well received everywhere. He played tennis with Robert Taschereau, son of Alexandre who was then Premier of Quebec. Robert was to become chief justice of the Supreme Court. He went out with the daughters of prominent members of Quebec society, and one of my cousins remembers him as a very personable young man. Dave seems to have particularly fond memories of the summer of 1928.

• (1410)

[*English*]

Well, Dave, it is obvious from your memoirs and otherwise that you have had fun in your legal and political career as well as in your personal life. In your personal life you say—and everyone agrees with you—that you had the good luck to meet and marry Bunty, who gave you three wonderful children. You will now have more time with them.

So far as I am concerned—and I am sure many others will say the same—I have had fun not only reading your memoirs but also being close to you here and in the other place and watching you in action. As you take your last bow to the

Throne in this chamber you can be proud of your achievements and in the knowledge that you carry with you, for you and Bunty, the very best wishes of all your colleagues, and more especially of the one who now resumes his seat.

Hon. Senators: Hear, hear!

Hon. Robert Muir: Honourable senators, as a member of the "class of 57", of which Senator David Walker was a member along with Senator Macquarrie and Senator Phillips, I do not know if there are too many of us young fellows left. However, having said that, I look over at Senator MacEachen, who was in the House of Commons long before he came to the Senate.

An Hon. Senator: And long afterwards!

Senator Muir: In any event, I know that if you look at Senator Walker and look at me you will realize that I was a very young man when we were elected in 1957.

An Hon. Senator: No!

Senator Muir: I rise to pay tribute to a man of uncommon virtue—one whose entire career has been a sterling example of dedication to duty. Both as barrister and legislator David Walker has given unsparingly of those gifts with which he was so richly endowed by nature.

The nobility of character, the excellence of mind, the unwavering devotion to truth, honour and justice—these qualities have made him, through a long and remarkable career, a man to be reckoned with.

That he could be tough and acerbic no one will deny—and oft times in the House of Commons I thought he was a bit too acerbic. But then he viewed his role as a gladiator and not as an ivory-tower pseudointellectual. He relished battle and would never accept defeat. To the enemy he gave no quarter. Here was a fellow who was invisibly refreshed and whose fires were rekindled when a particularly incisive remark or cutting phrase left someone on the other side reeling.

He is a born debater with a particularly lofty set of principles—a combination which never found him wanting for subjects upon which to become exercised. Once fired up, his eloquence was marvelous to behold and his temper hellish to restrain. Those of us on his side always felt safer for being there. And, from that side, I can describe a set of attributes that may not always have been so manifest from across this chamber or that of the House of Commons.

There are gentle, thoughtful, considerate facets to this personality. Even pitbulls have their tender moments. I am sure that no one has written as many notes of comfort, encouragement and congratulations as this fine man. Always what radiated from these was genuine concern, sincerity and friendship. His friends were to be found not only among those of his political persuasion. He is a much bigger man than that. However, all of those friends shared his view that it is binding upon all of us to put back into society more than we have taken from it.

Senator Walker is a man of firm conviction, who has always admired people of strong mettle. Probably the best known subject of his admiration was his friend, the late Right Honourable John Diefenbaker. Together they comprised a virtual army. Much is made of their campaigning style and their love for the cut and thrust of debate.

Honourable senators, many of us recall those years with particular fondness for the type of minister that Senator Walker was. It is true that he was effective in the House of Commons, but he also ran his department competently. He knew what he was doing and could be counted upon to give cabinet sound advice. He was a practical, sensible minister with a wealth of worthwhile experience upon which to draw. His counsel was sought and appreciated. Senator Walker can be justly proud of his contribution as a minister.

Honourable senators, Senator Walker can be equally proud of his contribution in the Senate. Though he never abandoned the urge to defend his party no matter what, Dave Walker, senator, was more reflective and philosophical, and we in the Senate have benefited from his insight.

Senator Walker has been a credit to himself, to those who have believed in him, and to his party and his country. In his autobiography he explains how he had fun along the way. Honourable senators, this colourful gentleman has made this profession a bit more fun for those who have served with him.

Senator Walker, you have been a wonder to watch and quite an example to follow. I bid you fond farewell, wish you an excellent retirement and assure you of my undying admiration and respect.

Honourable senators, were I bilingual in the way that Senator MacEachen is I would recite the following passage in Gaelic. However, since I cannot, I will leave it perhaps to Senator MacEachen to do so. Senator Walker,

> May the road rise to meet you,
>
> May the wind be always at your back . . .
>
> May God hold you in the hollow of His hand.

Hon. Duff Roblin: Honourable senators, it is hard to follow upon the expressions of appreciation that are being offered today to our colleague, Senator Dave Walker. However, I appreciate the opportunity to join in what is being said, because Dave Walker is, I think, a public man of the old school. He was a man who recognized loyalty to his party, loyalty to his leader and meticulous personal integrity among the articles of his political faith. That, I think, is amply exemplified as we consider his career in this house and outside it.

As we know, there are some politicians these days who write autobiographical memoirs. While these writings may sometimes reveal a good deal about the personality of the author, they may not always be an impartial record of the events they describe. For some politicians that temptation is too much, but not for Senator Walker. As we have had ample evidence of today, Senator Walker has written an autobiographical political memoir which he calls "Fun Along the Way". I am glad to say that I join the many in this house who have obviously read that memoir, and read it with much pleasure and satisfaction.

Senator Walker's book is fresh from the printing press and tells the story of his modest and charming recollections not only of his own activities in life but also of his family, of whom he is so proud, and of the many friends who have rejoiced his heart on his way through life. He writes in modest terms of his very distinguished career at the bar, of which we have heard something today, and he tells, I think in restrained and measured words, of his contribution to public life in the 50 years or so that he has spent in the service of his country. Naturally, as all of us in this chamber are well aware, Senator Walker does take political sides. After all, that is the way our system works. He has been a hard hitter, but he has always done so, I believe, without malice and without ever losing touch with the common threads of patriotism and human warmth which mitigate and even enoble the conflicts of public life.

● (1420)

So we greet him now as he gives up his place in the Senate. We recall with appreciation the so many years that he has offered of worthy public service. We eulogize his place in the history of Canadian politics and his record as a parliamentarian of enviable stature. We cherish the association and the fellowship with which he has graced this chamber and those of us who call ourselves his colleagues. Today, as amply attested to, we couple our regard for Dave Walker and all that he has meant to this chamber and this country with the warmest of good wishes for many happy days for him in the bosom of his family.

Hon. Rhéal Bélisle: Honourable senators, only when I entered this room today was I informed that I was losing an excellent seatmate. Since so many good things have already been said by Senator Murray, Senator Frith, Senator Macdonald, Senator Flynn, Senator Muir and Senator Roblin, I shall be brief.

It was in the early 1950s, when I was a member of the Ontario Legislature, that I first met you, Dave; and, of course, we came into this honourable house together. We have been working together ever since. We spent many years sitting in opposition, but since we have been sitting on this side it has been my pleasure to have you as my seatmate. Let me say that I have read your book, "Fun Along the Way", and I had much more fun reading your book than I had reading "The House Is Not a Home". It contains material that I am sure everyone who has read it has enjoyed. It shows the sagacity, wisdom and talent that you have had from your early days.

May I say once again that I would like to associate myself with what has already been said about David Walker.

[*Translation*]

Honourable senators, like Senator Flynn who spoke so beautifully, I want to say that we will miss you and that without you the ranks of the Conservative Party will not be complete.

[*English*]

Hon. Orville H. Phillips: Honourable senators, I would like to join briefly in the tributes being paid to Senator Walker today. My recollection of David Walker goes back to the House of Commons, to what I term "the Avro Arrow debate" and the rather effective speech he gave on that occasion. I enjoyed the speech for two reasons: first, he was giving the opposition a little bit of a sting; and, second, as I recall, there were certain conflicts of interest between the newspapers in Toronto, and Dave fully exploited that advantage on that occasion.

When David Walker became a valued member of the Diefenbaker cabinet he was given three responsibilities. He was a sort of ministerial trinity and was very successful in carrying out his responsibilities. While with the Department of Public Works he completed the negotiations for the Trans-Canada Highway through the province of Quebec. Then as the minister responsible for the National Capital Commission he completed the negotiations that initiated the construction of the Macdonald-Cartier Bridge.

As the minister responsible for the Central Mortgage and Housing Corporation he introduced legislation allowing that corporation to assist municipalities to install sewerage systems. Many of us would find it rather difficult to imagine Senator Walker walking through the soft egg shells of that field, but he did it and he did it very well and avoided criticism.

In the Senate he continued his firm but friendly ways. If honourable senators opposite think that on occasion he has been a bit rough and outspoken with them, they are lucky they did not share caucus with him, because he used to tell us even more behind closed doors.

This winter, when we hear new sounds coming from south of the border, we shall realize that Dave is enjoying his retirement—an early retirement, by the way, honourable senators. We hope that he chuckles a good deal while he is in Florida this winter, and when he returns and in years to come.

Hon. Senators: Hear, hear!

Hon. David Walker: Honourable senators, I never felt humbler in my life, and that is a rare experience for me. I really do not begin to deserve all the kind words that have been said by all of you. I am particularly amazed by the remarks of some who I did not appreciate were such good friends of mine, because, when we met, we were always battling. However, I want to say at this stage that, over there with the Liberals, knowing the way we have battled over the years, sometimes furiously, there is not one that I do not like—not one. I am sincere when I tell you that.

Honourable senators, this place, the Senate of Canada, is a wonderful place with which to be associated. It has not the rough edges that the House of Commons has. The tough stuff is prevalent sometimes, but ordinarily it is a thoughtful house. Things are thought out carefully before a decision is arrived at, which means so much in our system. There is nothing like second thought—or a "house of sober second thought."

It has been a wonderful experience for me, and I am not going to take up your time, but I do want to emphasize that this is the happiest day of my life because I had never understood or thought that you people had this opinion of me. I am very grateful to you.

Hon. Senators: Hear, hear!

Senator Walker: As a lawyer I was always glad to have the last word. That is an experience that I always enjoyed and I have always sought after it. However, instead of bouquets and brickbats today, this afternoon has turned out to be filled solely not with brickbats but their antithesis, bouquets. I do not deserve those bouquets, but I do appreciate very much that you have seen fit to give them to me in my parting hours. It is with regret that I leave this place.

• (1430)

I can honestly say, to use a euphemism, that I have never had it as good as I have had it today.

I simply want to say that I look back with great pleasure on the six years that I served in the House of Commons. I loved every minute. I also look back with great pleasure on the 26 wonderful years I have spent in this place. It has been good, hard work. I have always been engaged in hard work with honourable senators, but we have also had a lot of fun here. I have made lifelong friends whom I shall never forget. So I say to you what glorious days my career in the two houses of Parliament have been for me, and I have only you to thank.

But lest you should forget me, you won't mind my remarking that I am happy to learn that you have bought my book. It is really something to have my hard-headed, full of common sense, full of fealty friends buy my book. Many of you are mentioned in the book, of course. If such friends were around here now they would say that I should mention where the book can be purchased. I will not do that, except to say that Books Canada on Sparks Street have just received a new supply. I wonder if they contemplated all these eulogistic remarks about me. In any event, it has been a wonderful life that I have had, and I beg of you to keep on thinking of me.

So without any further ado, lest I should become overbearing in some particular way, I want to leave you with the knowledge that this hard-boiled person you have been talking about so kindly is deeply appreciative of all you have said. I have had one strenuous time trying to keep my composure. Thank you very, very much and God bless all of you. May all of you be able to stay here until you, too, reach 85 years of age.

Hon. Senators: Hear, hear!

[*Translation*]

THE HONOURABLE JACQUES FLYNN, P.C.

TRIBUTES ON FIFTIETH ANNIVERSARY OF ADMISSION TO QUEBEC BAR

Hon. Martial Asselin: Honourable senators, to remain in this friendly atmosphere, I would like to mention that during our summer break, Senator Flynn celebrated the fiftieth anniversary of his admission to the Quebec Bar.

He was called to the Bar in 1939 and used the war period to become familiar with administrative law by sitting on the Wartime Prices and Trade Board. He is a senior partner of Flynn, Rivard and Associates. This firm has a solid reputation in Quebec City's legal community.

[Senator Walker.]

I knew him in court. His cases were well prepared and his presentation was always excellent. Although he was sometimes aggressive, as we see him to be in the Senate at times, he always had great credibility with the judges who heard him in all courts throughout the land.

The Quebec bar at its annual meeting in September therefore wished to recognize his merits and services as an excellent jurist. He was awarded the Bar Medal. This much sought after honour is only exceptionally awarded to a member of the bar who has won his colleagues' respect and admiration for the excellence of his practice. It is a gesture of recognition that the bar wishes to extend to one of its members whose legal practice and talent have given this profession the credibility and dignity for which it is known.

[*English*]

Honourable senators, I ask you to join with me in congratulating Senator Flynn on receiving this honour and telling him that this recognition is shared by the Senate as a whole.

[*Translation*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I might add that this June, I celebrated forty years at the bar. I decided that if after practising a profession for forty years, one has not mastered it, one should resign. I resigned. My friend did not.

I would like to add that not only in Quebec but certainly in Ontario and throughout Canada, Senator Flynn has earned and well deserved his reputation as a master. I never mastered this profession, unlike my friend and professional colleague, Senator Flynn.

Hon. Senators: Hear, hear!

[*English*]

THE HONOURABLE PAUL DAVID

FELICITATIONS ON RECEIPT OF HONORARY FELLOWSHIP DEGREE FROM ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF CANADA

Hon. Efstathios William Barootes: Honourable senators, may I bring to your attention today that yet another high honour has been bestowed upon one of our confrères in this chamber, Senator Paul David.

This past Saturday the Royal College of Physicians and Surgeons of Canada saw fit to confer upon him an honorary fellowship degree in Edmonton, Alberta. This degree of Honorary Fellowship is a rare one indeed, and is reserved, essentially, for internationally famous medical scientists. For example, this year's honorary fellowships were conferred upon Professor Viking Bjork, Professor of Surgery at the Karolinska Institute in Stockholm, on our own Senator Paul David, upon Sir Andrew Patrick McEwen Forrest, Professor of Surgery at the University of Edinburgh Medical School, upon Sir Ian Todd, the immediate past president of the Royal College of Surgeons of England, and upon Dr. Duncan G. Sinclair, Dean of Medicine at Queen's University, who is of American background.

• (1440)

The following is an excerpt from the presentation of this award to Dr. David:

> A native of Montreal, Senator David obtained his medical degree from l'Université de Montréal in 1944. He is a former President of the Montreal Society of Cardiology, of l'Union médicale du Canada, and of l'Association des médecins de langue française du Canada. Senator David has been the recipient of many honours and awards during his distinguished career. In 1967, he received the Centennial Medal of Canada; in 1968, he was admitted as an Officer of the Order of Canada and promoted to Companion of the Order in 1981. He holds honorary doctorates from l'Université de Lyon, France and from the University of Ottawa. In 1981, he was named Montreal's citizen of the year and was appointed to the Canadian Senate in 1985. Senator David—

as we all know

> is founder of the Montreal Heart Institute,

of which he continues to be the director,

> a Past President of the Canadian Cardiovascular Society and of the Inter-American Society of Cardiology. Since 1957, he has been Professor in the Faculty of Medicine at l'Université de Montréal.

Honourable senators, I rise to salute my confrère, Senator David.

Hon. Senators: Hear, hear!

WORLD WAR II

FIFTIETH ANNIVERSARY OF OUTBREAK OF HOSTILITIES

Hon. Jack Marshall: Honourable senators, I rise to mark an important part of our history in Canada. Although my remarks are belated, I feel it appropriate to place on the record of the Senate a reference in recognition of the fiftieth anniversary of World War II. My reference to this chapter in our history comes as a result of an expression of patriotism that I had the opportunity to witness in a ceremony which was commendable in its planning and preparation, notably, when the National Prisoners of War Association of Canada (European Theatre) joined with its United States counterpart, the association of American ex-prisoners of war and veterans missing in action, at the international line on Rainbow Bridge in Niagara Falls in a "hands across the border" service.

At that ceremony last Thursday, September 21, two proud national groups of veterans, five decades after the fact, re-created a bond of comradeship on a bridge between two nations as part of their national conventions and at a significant time in our history, namely, the fiftieth anniversary of World War II. Honourable senators, it was a ceremony unique in its theme and one which solidified mutual respect between two groups of ex-prisoners of war veterans. This respect was reflected in a heart-rending exchange of both countries' national flags and was enshrined in appropriate words on a plaque especially erected and dedicated in perpetuity to the occasion. The plaque read as follows:

> United we stand—sharing love and friendship
>
> Seeking continued freedom and peace on earth.

Also participating in the ceremony were ex-prisoners of war from far off lands such as England, Australia, New Zealand, Denmark and Holland, all of whom travelled thousands of miles to renew friendships with their comrades with whom they had suffered the horrors of war as they endured the excruciating pain inflicted on them in the prisoners of war camps.

Two thoughts struck me, honourable senators, as I observed this occasion. First, why would people travel many thousands of miles and countless hours to attend a reunion with their comrades 50 years after the fact? The answer is simple and proven: that they would do so despite the lapse of 50 years merely confirms that there is no bond of friendship like the one established among the veterans who experienced together the fear and dangers of war. The other thought was: Is it not a sad commentary on human nature that wartime will draw people together while an environment of peace is an invitation to disunity, selfishness and strife?

Honourable senators, there are few who are not convinced that peace is among the most desirable of goals; one wonders what would happen if it were pursued with the same self-sacrificing determination that characterizes a nation at war. Maybe our world leaders should seek the advice and emulate the originality and creativeness of war veterans who can, in their own way, remember what suffering is all about and continue to treasure peace and freedom half a century later.

Hon. Senators: Hear, hear!

CLERK OF THE SENATE

COMMISSION ISSUED TO GORDON BARNHART, ESQUIRE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that a commission under the Great Seal has been issued to Gordon Barnhart, Esquire, Clerk of the Senate and Clerk of the Parliaments, appointing him a Commissioner to administer the oath of allegiance to members of the Senate and also to take and receive their declarations of qualification.

[*Translation*]

PRIVACY COMMISSIONER

ANNUAL REPORT TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the report of the Privacy Commissioner for the period ending March 31, 1989, pursuant to subsection 40(1) of the Privacy Act, Chapter 111, Statutes of Canada, 1980-81-82-83.

CRIMINAL CODE

BILL TO AMEND (PROTECTION OF THE UNBORN CHILD)—FIRST READING

Hon. Stanley Haidasz presented Bill S-7, to amend the Criminal Code (protection of the unborn child).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Haidasz, bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-THIRD REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Roméo LeBlanc: Honourable senators, I have the honour to present the twenty-third report of the Standing Committee on Internal Economy, Budgets and Administration concerning the Senate policy on second language training for senators and their spouses.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

● (1450)

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 496*)

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

FISHERIES

DEADLINE FOR PRESENTATION OF FINAL REPORT EXTENDED

Hon. Jack Marshall, chairman of the Standing Senate Committee on Fisheries, presented the following report:

Tuesday, September 26, 1989

The Standing Senate Committee on Fisheries has the honour to present its

THIRD REPORT

Your Committee, which was authorized by the Senate on June 13, 1989 to examine all aspects of the marketing of fish in Canada, and all implications thereof, respectfully requests that the date of presenting its final report be extended from 31 October 1989 to no later than 31 December 1989.

Respectfully submitted,

JACK MARSHALL
Chairman

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

Senator Marshall: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

FUTURE OF CANADIAN FINANCIAL INSTITUTIONS

NOTICE OF MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO CONDUCT STUDY

Hon. Sidney L. Buckwold: Honourable senators, I give notice that tomorrow, Wednesday, September 27, 1989, I will move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study the future of Canadian financial institutions, including the requirements of a changing economic environment; and

That the Committee present its final report no later than March 31, 1990.

BUSINESS OF THE SENATE

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 3rd October, 1989, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Doody: As honourable senators are aware from looking at the order paper, there is no government legislation before us at this time, although some bills predating our recess are before our committees.

My understanding is that bills are in process in the other place at this time and it is their hope to move those bills as quickly as they can.

Bill C-29, to establish a forestry department, is now being debated. Bill C-10, the debt forgiveness bill, will be dealt with fairly quickly, and it is hoped that Bill C-32, an advance grain payment bill, will receive prompt attention. One or more of these bills may be available to us by next week.

In any event, I wish to emphasize that the committees of the Senate will be quite busy this week and that this adjournment

will give them more time to apply themselves to the bills before them. Bill C-3, to establish the new Department of Industry, Science and Technology, is before the Standing Senate Committee on Social Affairs, Science and Technology. Bill C-6, containing the amendments to the radio communications act, is before the Standing Senate Committee on Transport and Communications. Bill C-17, having to do with the Customs Tariff Act, is before the Standing Senate Committee on Banking, Trade and Commerce. Amendments to the Canadian Exploration and Development Incentive Program Act, which are contained in Bill C-19, are before the Energy Committee. There are, as well, other management committee meetings scheduled for the balance of this week. I should therefore like to emphasize that senators will be quite busy, despite the fact that we will not be sitting formally in this chamber.

Motion agreed to.

QUESTION PERIOD

INTERNATIONAL CENTRE FOR HUMAN RIGHTS AND DEMOCRATIC DEVELOPMENT

REQUEST FOR STATUS REPORT

Hon. Allan J. MacEachen (Leader of the Opposition): I am sure that all honourable senators recall that just about a year ago, before Parliament was dissolved, we gave third reading and Royal Assent to Bill C-147, to establish the International Centre for Human Rights and Democratic Development. In fact, the bill arrived before the committee a short time before the dissolution of Parliament and was amended. It was finally given third reading because of the urgency which the minister and the government attached to the creation of this centre.

We all know that the last year, in particular, has been extraordinary in terms of what is happening in the democratic movement in various countries of the world. I have not heard anything about the International Centre for Human Rights and Democratic Development. Approximately one year has passed. Can the minister tell me whether the chairman of the centre and the president and the directors have been appointed, and, if so, who they are and what they have been doing? Have they been conducting their work in secrecy?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask my colleague, Mr. Clark, for a status report on that matter.

Senator MacEachen: Well, we shall await it.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I should like to address a question to the Leader of the Government, more particularly in his capacity as Minister of State for Federal-Provincial Relations. I want to ask him whether there has been or is being considered an assistance program for those producers in western Canada who have experienced the sixth consecutive year of severe drought. I say that because from the news media during the recess I have not heard that the Minister of Agriculture, or, indeed, anyone else, has given consideration to this situation.

I know that most of western Canada, or at least a very large area of it, has not experienced severe drought during the growing season this year, but one area, which is 50 to 75 miles wide and approximately 200 miles long in south-central Alberta, extending on into Saskatchewan, has suffered from an even worse drought in 1989 than it had in any of the previous six years. Indeed, this is the sixth consecutive year that these farmers have had no crop and, therefore, no income, other than what they received in the course of the government assistance programs that have been announced from time to time over the past four or five years. So far as I know, however, there has been no such program or even the consideration thereof for this year.

The Leader of the Government will realize that after a farmer has been dried out six years in succession the results are ever more disastrous. I should therefore like to ask him whether the government, particularly the Minister of Agriculture, is considering some kind of assistance program. I can tell him without any reservation that for the limited number of people involved this year has presented a more severe economic hardship than any of the past six years.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I appreciate the points made by the honourable senator. In particular, he has acknowledged the fact that considerable financial assistance has been provided by the federal government in previous years. I will ask my colleague to bring us up to date and to give us an assessment of the situation in western Canada. I shall soon bring in a report.

• (1500)

Senator Olson: I wish to ask a supplementary question. Has there been any request from the Government of Alberta or the Government of Saskatchewan for the federal government to participate in an assistance program for some of those who are desperately hurt?

Senator Murray: Honourable senators, there have been meetings within quite recent weeks between federal ministers—Mr. Mazankowski and Mr. Mayer in particular—and provincial Ministers of Agriculture. I do not doubt that on that occasion ministers from the provinces concerned made representations to their federal counterparts.

I will inquire of my colleagues whether there is any further or more specific information that they can convey to the Senate on that matter at this time.

CANADA-UNITED STATES FREE TRADE AGREEMENT

RESULTANT JOB LOSSES IN CANADA—GOVERNMENT MONITORING AND GRANTS

Hon. Raymond J. Perrault: Honourable senators, those of us on this side of the chamber are disappointed, I think, that the Leader of the Government did not rise in his place at the beginning of today's sitting to bring us an update on the trade arrangement made with the United States. The government had committed itself to a careful monitoring process to determine whether or not injury was being sustained by certain industries, sectors and companies in this country and groups of workers.

Despite the fact that I asked a number of questions last April and pointed out some adverse trends that appeared to be developing, we have had no statement from the government either officially or unofficially. Can we expect to receive from the Leader of the Government in the Senate a report on these alleged moves?

During the summer Canron Incorporated announced that it was closing down its railroad maintenance equipment division in Etobicoke, Ontario, and shifting production to Columbia, South Carolina.

Burlington Canada, U.S. owned, is closing its Bramalea, Ontario carpet manufacturing facility. It will supply the Canadian market from plants in Georgia and Virginia—a loss of 450 jobs.

Hartz Canada, U.S. owned, has announced that it is closing its manufacturing facility (pet foods and related products) in St. Thomas, Ontario, and moving its production to U.S. plants. Only warehousing and distribution facilities will remain in Canada.

Picker International Canada Incorporated, U.S. owned, announced that it is closing its Bramalea, Ontario plant, which makes X-ray equipment, and is transferring production this time not to the deep south but to Cleveland, Ohio.

International Playing Card Company is closing its Windsor, Ontario playing card plant and moving its production to Cincinnati, Ohio.

Star Suspension Industries, U.S. owned, announced that it is downsizing and closing its fastener manufacturing facilities in Mississauga, Ontario, retaining only a packaging and distribution centre. Products will be supplied mainly from the U.S. parent plant—a loss of 32 jobs.

Woodridge Group, U.S. owned, is planning to shift production of car seat components from Mississauga, Ontario, to Juarez, Mexico. They will not announce the number of jobs at stake here, but we are told that workers there are being paid 65 cents an hour.

Bendix Safety Restraints, U.S. owned, is moving its production of seat belts from Collingwood, Ontario, to plants in Alabama and Mexico—two other low-wage rate areas—with a loss of 400 jobs.

Marr's Leisure Products, U.S. owned, is closing its Edson Boat Division in Brandon, Manitoba, and is moving its production to Newberry, South Carolina—a loss of 40 jobs.

Takahashi Industries is closing its interior door manufacturing facility in Vancouver, B.C. Some of this production will shift to a recently purchased plant in Seattle, Washington—a loss of 25 jobs.

The Executive Dental Supply is planning to shift its entire production from the city of Vancouver to a plant in Pullman, Washington. They will not announce the number of jobs lost.

ITW Shakeproof, U.S. owned, is closing its fasteners manufacturing plant in Mississauga, Ontario, and moving its production to a plant in Tennessee, another low-wage area.

Advanced Gibson Canada Limited, U.S. owned, during a 17-week strike announced that it was closing and moving production of circuit breakers and electrical switch components from Windsor, Ontario, to Puerto Rico and Pennsylvania.

Progress Company—and this is progress, you might well say—U.S. owned, is transferring part of its electrical goods production from Ville St. Laurent, Quebec, to its plant in Philadelphia, Pennsylvania. The company was bought by an American group in 1987; 75 jobs are disappearing.

K.T. Industries are downsizing in Winnipeg, Manitoba, and are expanding production at a new plant in Fort Wayne, Indiana.

Northern Telecom was planning to close its telecommunications laboratory in Toronto, shifting this work to facilities in Dallas, Texas and California. This follows a series of restructurings which have seen nearly 1,500 Canadian jobs disappear so far this year.

United Maple Products, U.S. owned by multinational Borden Inc.—and I will not read the entire list; I do not want to burden the Senate with too much information—closed its maple syrup and milkmate production in Delta, Ontario, and shifted it to a newly acquired plant, where it is blossoming forth, in Vermont.

Canadian Coleman Ltd., U.S. owned, is closing down its Etobicoke, Ontario manufacturing facility. Camping equipment and heating systems will no longer be made in Canada. They are going to plants in Kansas and Texas. However, it will retain its Canadian warehouse and distribution facilities. Here there are only 214 jobs at stake, 214 family incomes.

Leviton Manufacturing, U.S. owned, is shutting down its manufacturing facility in Montreal and transferring production of electrical goods to an undisclosed location in the United States—175 jobs to be lost here.

Schlegel Canada Inc., U.S. owned, is shutting its auto industry weatherstripping plant in Burlington, Ontario, and transferring production to Tennessee and Oklahoma—104 jobs to be lost.

I have four more pages to go, but I will not read all of the names. What I am asking is this: Is the government taking seriously its commitment to monitor closely what is happening

here? Can the government provide evidence of U.S. companies which, instead of leaving this country as a result of the trade deal, are now coming into Canada to open branch plants or offices? We are challenging the government to put that information on the record. I do not want to be unfair to this government; let's hear both sides of it. If these workers are being rendered unemployed, are any special programs being put in place to help them over the difficult transitional period to new employment?

The government has a responsibility to keep us informed, after all of the oratory in the last federal election campaign saying that this was to be the greatest agreement in the history of Canada, the greatest development of the epoch, a marvelous economic advance for Canada. We want some evidence to show that Canadians will really benefit from the trade agreement, because we have evidence which clearly supports the fact that since this deal was signed 55,000 Canadian jobs have been lost. We want the Leader of the Government in the Senate to stand up and answer the question, "Why has this happened?"

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the Free Trade Agreement between Canada and the United States came into effect on January 1 of this year. Its full implementation is scheduled to take place over a ten-year period. The honourable senator should know—and I am sure he does—that nine months into the agreement what we should be looking for is an increase in business investment, expansion in our economy, some increase in employment and some decrease in unemployment as a result.

I can provide—at considerable length if you wish—the statistics to show that that is happening. Millions of dollars are being injected into the Canadian economy this year for new plant and equipment. Canadian industrial investment is expected to increase by 13.6 per cent this year. The manufacturing sector expects to see a sharp increase in investment spending, up 27.9 per cent from 1988. Surely the honourable senator knows that this kind of business investment translates into more jobs for Canadians.

Since January 1 of this year 209,000 new jobs have been created in this country.

Senator Doody: Hear, hear!

Senator Murray: In August, the last month for which we have statistics, 73,000 jobs were created, and this robust investment is largely responsible.

I suggest to the honourable senator that this robust investment is tied very directly to the new opportunities and the new prospects that are open for the Canadian economy in all parts of this country by the Free Trade Agreement. If the honourable senator wants some anecdotal information on this matter, I can provide plenty of it for him. I suggest that he put down a Notice of Inquiry on the order paper and we will have a proper debate on the matter.

• (1510)

Senator Perrault: The Leader of the Government is suggesting that the expansion of the number of jobs in the country is directly related to the trade policy. It is interesting that the Conservative government in Manitoba takes credit for creating extra jobs in Manitoba and that various provincial governments have taken credit for job creation in their areas. However, today we discover that, after all, it is not the provincial governments but the federal government which is directly responsible for this job creation in the country. Perhaps it would be a good idea to negotiate the sharing of credits in this particular category of job creation.

However, honourable senators, we have just received a bulletin that the Sterling Drug Company of Aurora, Ontario, has announced this morning that it intends to close out its Canadian operation and move to the United States, with the resultant loss of 150 jobs.

Further, we would like some evidence for the statement made by the Leader of the Government in the Senate that the huge increase in investment pouring into the province of British Columbia is directly related to policies of the federal government. Is the Leader of the Government honestly telling us that the major portion of that investment expansion, which is money pouring in from Hong Kong, is because of the government's trade deal with the United States? I say to the Leader of the Government in the Senate that he should be serious, because that is not the case. The honourable leader obviously knows nothing about the west or he would not make a statement of that kind. That money does not relate in any way to the trade deal; it is money leaving Hong Kong because of the political insecurity in that part of the world. We in British Columbia are pleased to have that investment; however, don't try to tell us that that economic windfall for our province is a result of the enlightened policies of this government, because that is sheer folly.

Senator Murray: Honourable senators, there are other places to which those investors from Hong Kong could take their money. However, they choose to bring it to Canada and, I am happy to say, to British Columbia, because there are opportunities there and here; opportunities that are increasing because of the Free Trade Agreement with the United States. Again, I invite the honourable senator to take advantage of an early opportunity to put a Notice of Inquiry on the order paper and to debate this question at the proper time in the Senate.

Senator Perrault: I will do that.

Senator Murray: In the meantime, just to whet his appetite, as it were, let me give him a couple of examples from his own province of British Columbia. MTC Electronic Technologies in Richmond, British Columbia, will go ahead with its $7 million investment in a television production facility because of the passage of the FTA. I have a direct quotation:

> "Without the FTA, we would have been forced to build the factory in Seattle to secure free access to the American consumer electronics market," said company president Miko Leung.

Trendset Worldwide Engineering Corp of Delta has developed a mobile paving plant and lists the U.S. as its prime market. President and chief executive officer Kelly Ready said:

> Free trade? It's just what we needed. We are now at least a couple of years ahead of where we planned to be at this time. We had not planned to sign such large joint venture contracts in the U.S. so soon.

The next example is from my honourable friend's former constituency, if I am not mistaken. Burnaby-based Nexus Engineering Corp., which manufacturers high-tech equipment, expects to increase its sales to the U.S. five-fold. Here is something in direct quotation marks from the president of that corporation:

> "I am excited about the easier-access aspect of free trade and see significant benefits accruing for us," said company president Peter van der Gracht.

Honourable senators, there are other examples not only in British Columbia but in every province of Canada. If the honourable senator wants to hear some more, let him take advantage of an early opportunity to debate this matter in this chamber.

Senator Perrault: I think that may well be a useful suggestion. I invited the Leader of the Government to bring us some good news and he has done so. That is why I issued the invitation. However, let me say this: The Leader of the Government has yet to say how many jobs are involved in the projects he has just mentioned or whether any of the companies he has mentioned received, either directly or indirectly, any federal government grants to assist them in their expansion.

Senator Murray: Honourable senators, those are fair questions and I can obtain the answers for the honourable senator.

REPRODUCTIVE TECHNOLOGY

PROPOSED ROYAL COMMISSION—REQUEST FOR PROGRESS REPORT

Hon. Lorna Marsden: Honourable senators, towards the end of the spring session I asked the Leader of the Government in the Senate when we could expect an announcement on the Royal Commission on Reproductive Technology which has been promised by the government. I have seen no word of the establishment of that royal commission and I wonder if the Leader of the Government in the Senate would report on the progress of this matter, if any.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that announcement will be made very soon.

POLAND

ECONOMIC AID—GOVERNMENT ACTION—POSTPONEMENT OF INTEREST PAYMENTS ON DEBT TO CANADA

Hon. Stanley Haidasz: Honourable senators, on August 25 of this year the Secretary of State for External Affairs stated in a communiqué that he welcomed "the unprecedented and historic developments in Poland which have set that country on the road to democracy." In that communiqué Mr. Clark went on to say:

> The appointment of prominent Solidarity advisor Tadeusz Mazowiecki as Prime Minister embodies the reality of political reform and the acceptance of pluralism in Poland.

The communiqué further stated that:

> The Polish people urgently need international understanding and support to overcome their massive foreign debt burden and achieve economic reconstruction.

Honourable senators, a Canadian delegation is leaving Poland today after a four-day visit. Also, the Prime Minister joined with the other six industrialized countries at the Paris Summit last July 16 in committing themselves to aiding Poland in its present difficulty.

Honourable senators, already a month has passed since Mr. Clark's statement, and I should like to ask the Leader of the Government in the Senate whether he can announce, on behalf of the government, any concrete action that the Canadian government has taken in this matter.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relation): Honourable senators, as the honourable senator knows, a double taxation agreement has been negotiated. Also, there are negotiations going forward on a foreign investment insurance agreement. However, I can tell the honourable senator that a further announcement on this matter will soon be made by the government.

Senator Haidasz: As a supplementary question, I should like to ask the Leader of the Government in the Senate if he is privy to discussions within his government as to a suggestion I made that Poland might at least be forgiven all interest payments on its debt to Canada for the next three years.

Senator Murray: Honourable senators, I am unable to answer that question specifically, but I shall make inquiries.

FISHERIES

PRINCE EDWARD ISLAND TUNA FISHERMEN—STATUS OF LICENCES—GOVERNMENT ACTION

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the rights of Prince Edward Island tuna fishermen to fish tuna in the Canso area. The Prince Edward Island tuna fishermen have a licence from the Department of Fisheries that states that they are allowed to fish tuna in the Atlantic region, and particularly in the Canso area. However, last week the Department of Fisheries told the Prince Edward Island fishermen to go home; they were no longer allowed to fish tuna in that Atlantic coastal region.

The people of Canso support the Prince Edward Island fishermen. The licences of those Prince Edward Island fishermen say that they are allowed to fish tuna in that area, and yet

they have been asked by the Department of Fisheries not to fish there. I understand that the member of Parliament in Cardigan, P.E.I., has written to the Minister of Fisheries and Oceans asking for an explanation but that no explanation or decision has yet been made by the minister.

In the meantime I understand that the quota in that area has been caught by Nova Scotia fishermen. If a decision is not made soon, the Prince Edward Island fishermen will lose their opportunity to participate in that very lucrative tuna fishery. I understand that tuna sells in Japan at between $8 and $10 per pound.

My question to the Leader of the Government in the Senate is: Can he tell me, or find out for me, whether the licences of the Prince Edward Island tuna fishermen are valid or have been cancelled by the Department of Fisheries and Oceans?

• (1520)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I must confess that this is the first I have heard of this problem. Indeed, I was unaware that the tuna were running in the Strait of Canso area, so I have some catching up to do on this issue.

Senator Frith: That is a nice metaphor, "catch up on this tuna."

Senator Murray: I shall ask Mr. Siddon for a report.

Senator MacEachen: The salmon are running in the Margaree, too.

Senator Murray: Senator MacEachen reminds me that the salmon have returned to Margaree, which is also very good news for all those who are interested. I do not know whether he wants to broadcast that news very widely, since I am sure his former constituents would like to have a free run at them for a couple of years.

In any case, I shall ask Mr. Siddon for a report on the fishing rights of Prince Edward Island fishermen in the Strait of Canso with regard to tuna and I shall bring the report in as soon as I can.

Senator Bonnell: I wonder whether the minister, when he is speaking to the Minister of Fisheries and Oceans, would ask him to make his report and decision on the matter quickly, before all the tonnage and quota for that area has been caught, so that Prince Edward Island fishermen, along with those from Nova Scotia, may be given an opportunity to catch some of the fish.

Senator Murray: Honourable senators, I shall take the honourable senator's question as a representation and convey it to my colleague.

ENVIRONS OF CANSO—LICENSING OF TUNA FISHERMEN

Hon. John B. Stewart: Honourable senators, I should like to ask a supplementary question. Would the Leader of the Government in the Senate ascertain if the same limitation to which Senator Bonnell has referred as applying to tuna fishermen from Prince Edward Island applies also to tuna fishermen from Pictou County and Antigonish County? In other words, are they prohibited from fishing for tuna in the Atlantic around Canso—not the Strait of Canso but around Canso?

I have a second supplementary question. I do not expect the minister to have a reply for me now. How many fishermen are in fact licensed to catch tuna in the area near and adjacent to Canso?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall endeavour to obtain that information from my colleague.

Senator Bonnell: Honourable senators, I have a further comment concerning the tuna. I would state with regard to licences that Prince Edward Island fishermen have 362, Newfoundland fishermen have 23, New Brunswick fishermen have 117, Quebec has 55, the Gulf of Nova Scotia has 135 and southwest Nova Scotia has 31. These licences allow the fishermen to fish for tuna in the Canso area, not the Strait of Canso area, as my friend has pointed out. The licence numbers for these fishermen are 4RST, 3PN and 4WD, and Island fishermen with these licence numbers are allowed to fish in those zones.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—ALTERNATIVE USES

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the minister concerning the Summerside air base. During this past summer our colleague, Senator Phillips, brought good news to Prince Edward Island when he indicated that he knew that the government of the day would keep some part of the national defence budget available for Summerside. We all lifted our hearts and souls to Senator Phillips and praised him strongly for making such strong representations to the government. Since that time, however, even Senator Phillips must have become disappointed, because, as I understand it, he has been told that even the search and rescue detachment at Summerside has been told that it will be moving out to Nova Scotia. Would the minister responsible for federal-provincial relations, and, indeed, for the government in the Senate, advise us whether the Government of Canada intends to give any reconsideration at all to the representations of the people of Summerside with regard to keeping the air base or any part of it there for the future?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I understand the situation, the search and rescue operations on the Island will function as a detachment of a squadron to be located at Greenwood, Nova Scotia. I can not encourage the honourable senator to think that there is any further military use for the Summerside air base, which will be phased out, as the honourable senator knows. There is a federal-provincial committee of ministers and officials, which was set up by Prime Minister Mulroney and Premier Ghiz,

that is considering ways and means of alleviating the economic impact of this closure on Summerside and area.

Senator Bonnell: Honourable senators, I have a further question. I visited Summerside last week and I saw those beautiful runways, those beautiful hangars and those beautiful buildings. It almost makes you want to cry to think that hundreds of acres of land developed for defence is to be shut down and closed by this government. I wonder whether the government has given any consideration to proposing that NATO forces, the United Nations or some other group of that nature might use this base for training people to take part in United Nations peace-keeping efforts abroad so that there will always be a force available to countries around the world in cases of strife and trouble.

Senator Murray: Honourable senators, I have seen a suggestion somewhere to that effect. However, as the honourable senator knows, United Nations peace-keeping forces are made up of contributions from the armed forces of the various member nations. There is not, to my knowledge, a common training exercise or training facility for these peace-keeping forces; nor, to my knowledge, is one contemplated.

Senator Bonnell: I wonder, honourable senators, if the minister would suggest to the Prime Minister that he take this thought before the United Nations. I think it is something that is needed, and there is no better place in the world to live, train and carry out such operations than Summerside, Prince Edward Island. I think the Garden of the Gulf is better than the Garden of Eden. The base is there, the buildings are there, the homes are there, the air strip is there and the hangars are there. Certainly it would be great to have the Prime Minister of Canada go to the United Nations or have his delegation present that proposal to that body. I am quite sure that most nations of the world would be pleased to know that such a base was available and would be prepared, with a little encouragement from the Government of Canada, to put dollars and cents towards it.

Senator Murray: Honourable senators, the United Nations has not yet reached the point where it has established a permanent standby peace-keeping force, as I have indicated. The efforts of the federal-provincial committee now are being devoted to seeing what private sector use might be made of the excellent facilities at Summerside to which the honourable senator has referred.

Senator Bonnell: Honourable senators, I have one further suggestion. We are beginning to see the great problems of narcotic smuggling in our country, most recently in the province of New Brunswick. The Prime Minister has almost promised the President of the United States that Canada will be doing something in cooperation with that country to control drug smuggling into our country, which is now becoming a means of crossing the border into the United States. The Colombians are trying to do all they can in their area to stop the production of cocaine. Do honourable senators not think that it is time that the Government of Canada said to the people of Summerside that, since the Atlantic coast is one of the areas where these drugs are coming in, as proven by what has recently happened in New Brunswick, we should expand our search and development projects for the protection of our shores and that this expansion should be carried out in Summerside to protect our coast not only environmentally but also from drug smugglers?

[Senator Murray.]

Senator Murray: Honourable senators, I shall take the honourable senator's question as a representation. I appreciate the honourable senator's comments, or at any rate the allusion he made to the drug strategy in the United States. We have had such a strategy in place for two years or more. It does emphasize education more so than the criminal sanctions and enforcement, although we have every reason to believe that these are at least adequate to our needs. As a matter of fact, the Prime Minister has announced an assistance package for Colombia which involves some police assistance. Members of the Royal Canadian Mounted Police are now in Colombia to assess the needs there and the contribution that our national police force might make to the solution of the serious problem in that country.

● (1530)

I appreciate the desire of the honourable senator to create a link between the presence of a good facility in Summerside and the need to deal with a serious problem in our country, but the link is not immediately apparent.

CLOSURE OF CFB SUMMERSIDE, P.E.I.—VISIT BY PARLIAMENTARIANS

Hon. M. Lorne Bonnell: Honourable senators, I have one further question about Summerside. During the summer there were two parliamentarians who came down to Summerside and met with the mayor to look at the problem and to report back to their colleagues in Ottawa. Were these two parliamentarians sent there by the Prime Minister or the government, and, if so, did they not have any confidence in Senator Phillips, who lives there and knows the problem well, to report back?

Senator Phillips: I was there with them.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): This was a caucus matter. There is obvious interest on the part of members of the House of Commons to learn more about Prince Edward Island and its problems and potential. There is an interest on the part of members of Parliament from various regions of the country to get to know other regions. In the case to which my honourable friend refers several members of Parliament visited Prince Edward Island for a few days and were given expert guidance by our friend, Senator Phillips, while they were there.

Senator Bonnell: Why was Senator Phillips not named with the others to be a part of the delegation, rather than just to give advice?

Senator Phillips: I was, Lorne.

Senator Murray: The Honourable Senator Phillips was the genial host.

Senator Frith: No one is going to quarrel with the adjective.

THE CONSTITUTION

PROTECTION OF ANGLOPHONE MINORITY RIGHTS

Hon. Hartland de M. Molson: Honourable senators, I do not like very much to look back; I would rather look forward. However, I cannot help but remind myself today that in this chamber some months ago I asked the Leader of the Government if he was not concerned about the fact that the rights of the anglophone minority in Quebec were in some danger. His response at that time was that Meech Lake and other interprovincial relations matters as they then were in hand would, if anything, improve the lot of or protect the rights of the anglophone minority in Quebec.

I should like to ask him today, in light of the election yesterday when there was a very strong anglophone vote of opposition to the situation in Quebec, if he would not like to reconsider his answer. This is not purely a Meech Lake matter, but it is a development in Quebec which, from the point of view of the minority, is anything but a happy one. Even from the point of view of the majority in Quebec, I think it is anything but a happy one. Relations in Quebec are worse today than they have been for a very considerable time. This is after a period when they were distinctly and substantially better.

I am just wondering, in light of what has happened and what has shown up as being the position and attitude of the minority, if the answer that we got from the Leader of the Government some months ago should not perhaps be re-examined and changed.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, surely the honourable senator does not consider it unhealthy that people, in this case a great many anglophones on the west island, have expressed themselves and their concerns, their frustrations and their opposition to Bill 178 in particular by taking advantage of the democratic process and electing members to represent that view in the National Assembly of Quebec. Far from being an unhealthy development, I think it is perfectly normal, and not an unhealthy development at all. They have acted through the democratic process.

Should I reconsider the statements I made at an earlier date about Meech Lake and the added legal protection that it affords to the anglophone minority in Quebec and to the francophone minority in the rest of the country? With respect, the answer to that question is no.

As Premier Bourassa has pointed out, the anglophones in Quebec are part of the distinct society. Further to that, the Meech Lake Accord, once ratified, provides recognition in the Constitution that the presence of English speaking Canadians in Quebec and French speaking Canadians outside Quebec is a fundamental characteristic of our federation. This is to be an interpretive clause in our Constitution that will be brought to bear by the courts and which, as the Commissioner of Official Languages, Mr. D'Iberville Fortier, pointed out, is a net gain for linguistic minorities.

Senator Molson: I must add that the answer given by the Leader of the Government is the one Mr. Bourassa has been giving. However, it certainly is not an answer that is satisfying the minority in Quebec; nor does it satisfy others with whom I am perhaps not directly concerned, like the francophone minority in Alberta. What I am really trying to ask the Leader of the Government to do is to take a look at the point of view he had some months ago in light of what has developed today, because now, unfortunately, this country is in a mood that is decidedly less favourable than it was when we had that debate.

Senator Murray: Honourable senators, the people who elected members of the third party in Quebec yesterday do not like Bill 178 and, in particular, they did not like the invocation of the "notwithstanding" clause to pass Bill 178. Neither do we. The Prime Minister had telephoned Premier Bourassa before that decision was taken to urge him to comply fully with the judgment of the Supreme Court of Canada in the matter.

My friend mentioned the situation in Alberta. He might as well have mentioned the situation in Saskatchewan. In both those cases this government first of all expressed its considerable disappointment that those provinces did not fully honour and respect the judgments that the Supreme Court of Canada had brought down. In the case of Saskatchewan, having expressed our disappointment, we went on to negotiate an agreement which I think everyone agrees will be very helpful to the francophone minority in the provision of important services to them in Saskatchewan.

● (1540)

We are engaged in negotiations which we trust will have the similar result in the province of Alberta. I need not remind honourable senators that we have reached agreements of that kind with the Province of Quebec. The passage by the National Assembly of the Province of Quebec in recent months of Bill 142, I think it was, provides for considerable improvement in the field of health and social services to the anglophone minority of Quebec. That is being done, I may say, with generous cooperation and assistance from the federal government.

I appreciate the honourable senator's comments about the climate, and so forth, in Quebec and in the country, but these are things that are not new phenomena in the history of our country. All of us have an obligation to work and overcome and improve in every way possible these difficulties. I hope that he and I, and others in this place and in the other place, and others in positions of responsibility, will be able to do that in the months and years ahead.

NATIONAL DEFENCE

SNOWBIRDS AEROBATIC TEAM—FATAL ACCIDENT—REQUEST FOR CONTINUATION OF PERFORMANCES

Hon. Peter Bosa: Honourable senators, my question relates to the tragic air show accident that occurred on September 3 last at the Canadian National Exhibition in which two Tutor aircraft flown by members of the Snowbirds were lost, resulting in the death of one pilot.

Following the accident some members of the House of Commons urged the Minister of National Defence to dissolve the team and scrap the program.

The Leader of the Government will not disagree with me when I say that the Snowbirds team is one of the best aerobatic teams in the world, if not the best, and that it provides excellent public relations for the forces and encourages our youth to join the forces. Furthermore, these air shows improve the skills of our pilots.

Would the Leader of the Government in the Senate please urge his colleague, the Minister of National Defence, not to accept the advice of some members of the House of Commons to dissolve the team? Would he ask the minister to allow the Snowbirds to continue flying to the thrill of hundreds of thousands of Canadians from coast to coast?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I appreciate, as I am sure Mr. McKnight will, the statements that the honourable senator has made. Indeed, I am given to understand that the Snowbirds are regrouping and will continue with their public appearances.

RESEARCH AND DEVELOPMENT

FOREIGN TAKEOVER APPLICATIONS—GOVERNMENT ACTION

Hon. M. Lorne Bonnell: Honourable senators, two years ago the Senate passed Bill C-22, which promised much research and development in Canada. Today we see that the Sterling Drug Company is moving to the United States, involving the loss of 150 jobs. We are also given to understand now that the Swiss or the French will take over Canada's proudly owned Connaught Laboratories.

What is the government doing to make sure that this company stays Canadian owned and to encourage Canadians to put their money into Connaught Laboratories, rather than to have that company foreign-owned by either Swiss or French concerns, so that Canadian scientists will stay in Canada to conduct research and development in Canada rather than losing that research and development to foreign companies?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Investment Canada has not yet completed its review of the situation with regard to Connaught. That review continues in order to establish whether the proposal will confer a net benefit on Canada. Investment Canada will be particularly interested to see whether and how a change in ownership of that company would help the company and help Canada penetrate international markets and whether and how research and development would continue to be done by that company in Canada.

Hon. Charles McElman: Honourable senators, I have a supplementary question. Would the Leader of the Government in the Senate tell us how many applications for takeovers of Canadian companies by foreign-owned companies have been turned down over the past several years?

[Senator Bosa.]

Senator Murray: Honourable senators, I think that is a statistical question. I shall bring in a written reply.

Senator McElman: It is my understanding that not one has been turned down and that that is what gives rise to concerns in cases such as Connaught Laboratories and the potential for destruction of Canadian research and development.

Senator Murray: I take it that the honourable senator has made up his mind on this issue.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to three questions. I understand that these answers have been supplied to the senators who asked them during the recess. I simply table them for the record and for printing in *Hansard*, and so forth.

THE ENVIRONMENT

STORAGE OF PCBs—EXEMPTION OF CERTAIN PROVINCES FROM INTERIM ORDERS—INSPECTION OF SITES—REQUEST FOR CLARIFICATION OF DELAYED ANSWER

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 13 last by the Honourable Senator Kenny respecting The Environment—Storage of PCBs—Exemption of Certain Provinces from Interim Orders—Inspection of Sites—Request for Clarification of Delayed Answer.

(*The answer follows:*)

EXEMPTION OF NINE PROVINCES FROM THE CEPA PCB WASTE STORAGE INTERIM ORDER

Background

On September 22, 1988, the Minister of the Environment, under the authority of Section 35 of the Canadian Environmental Protection Act (CEPA), issued an Interim Order to control the storage of PCB wastes across Canada. The Interim Order contained a provision that allowed the Minister to recognize provinces having "legally enforceable requirements with comparable effect" by placing those provinces on Schedule A of the Order. Once a province was placed on Schedule A the federal Order would no longer apply in that province "except with respect to storage sites used or operated by departments, branches and agencies of the Government of Canada and all corporations set out in Schedule C of the Financial Administration Act". On May 1, 1989, Schedule A of the Interim Order was amended and nine provinces were placed thereon.

Section 35 of the CEPA dealing with Interim Orders does not provide for equivalency. Reference to equivalency is found only in Sections 34 (regulations for toxic substances) and 63 (regulations for sources of internation-

al air pollution) of CEPA. The test for the addition of provinces to Schedule A of the Interim Order, therefore, depends solely on the province having "legally enforceable requirements with comparable effect". However, it is the intent of the government, within the two-year life span of the Interim Order, to replace it with a regulation under Section 34 of CEPA. Should a province currently listed on Schedule A of the Interim Order wish also to be exempted from the regulation, it will, at that time, have to meet the full test of equivalency based on equivalent standards, testing procedures, penalties, enforcement policies and procedures and citizens' rights to petition for the investigation of alleged offences.

Following is a summary evaluation of the comparable requirements which have been put in place by each of the provinces currently listed on Schedule A of the Interim Order:

British Columbia

The B.C. Special Waste Regulation as amended on January 24, 1989 contains comparable requirements to all sections of the CEPA Interim Order including regulated quantities, access, site requirements, fire protection and emergency procedures, maintenance and inspection, labelling and records and reporting. B.C. uses a permit system under the *Waste Management Act* to regulate special waste sites including those for PCBs.

Alberta

The regulatory regime employed by Alberta to ensure that PCB storage sites are established and maintained in a safe and proper manner involves several pieces of legislation including the *Hazardous Chemicals Act*, the *Hazardous Waste Regulation* made under the *Hazardous Chemicals Act*, the *Clean Water Act*, and the *Fire Prevention Act* under which the *Alberta Fire Code* is established. The relevant portions of all of these legislative instruments are utilized to achieve comparability with the federal Interim Order. Primarily, Alberta uses a licensing and authorization system to impose the requirements for storage of PCBs that are contained in the federal Interim Order.

Saskatchewan

The *PCB Waste Storage Regulations* and the *PCB Waste Storage Amendment Regulations 1989* were promulgated pursuant to Saskatchewan's *Environmental Management and Protection Act* and came into effect on April 11, 1989 and April 26, 1989 respectively. These Regulations closely parallel the federal Interim Order with one exception and accordingly satisfy all other criteria for comparability. This exception is that labelling requirements are not included in the Regulations since the enabling legislation does not allow for Regulations to prescribe labelling requirements for hazardous wastes. Therefore, the province is enforcing labelling requirements identical to those in the federal Storage of PCB Wastes Interim Order by the use of Minister's Orders pursuant to Section 4 of the *Environmental Management and Protection Act*.

Manitoba

The *PCB Storage Site Regulation* came into effect on November 14, 1988. The Regulation was promulgated pursuant to Manitoba's *Dangerous Goods Handling and Transportation Act* and was modelled closely after the federal Storage of PCB Wastes Interim Order and accordingly addresses all of the criteria for comparability. The Manitoba Regulation contains some minor changes such as the imposition of storage site requirements for amounts of PCB liquids and PCB solids in quantities as low as five litres and five kilograms respectively whereas the federal Interim Order only has application where quantities of PCB liquids or PCB solids stored are equal to or in excess of 100 litres and 100 kilograms respectively.

Ontario

The Ontario PCB storage controls are based on *Regulation 11/82* under the provincial *Environmental Protection Act*. *Regulation 11/82* requires that every PCB waste storage site be issued with enforceable Director's instructions, specifying the conditions that must be met at that site. One of the conditions specified is that site protection must follow the recommended requirements in the federal-provincial "Manual for the Management of Water Containing PCBs" and in the federal "Handbook on PCBs in Electrical Equipment". Since the Interim Order was based on these publications, the provincial requirements are considered to have comparable effect.

Quebec

Quebec uses its *Environmental Quality Act* and its Hazardous Waste Regulation to control the storage of PCB wastes. The regulation was modified on August 31, 1988 to encompass more stringent criteria. It also refers to a storage code, and uses site specific certificates of authorization, certificates of conformity, and operation permits.

Quebec's regulatory and permit system is considered comparable to, or more stringent than the federal Interim Order in terms of safety, quantities, site management and technical standards. Quebec does not have labelling requirements but prohibits storage in public buildings or sensitive areas.

New Brunswick

On October 12, 1988, New Brunswick gazetted a notice under its *Clean Environment Act* which required the approval of the Minister for the use or operation of a PCB waste storage site. The notice applies to all sites where PCB wastes are stored in amounts equal to those specified in the Interim Order. Site operators are required to apply for a certificate of approval which is based on a set of PCB storage standards. These standards are as stringent, or more so than the requirements of the federal Interim

Order. In fact, they are almost an exact duplicate of the Interim Order.

Nova Scotia

The Nova Scotia *PCB Storage Regulations* under the *Dangerous Goods and Hazardous Wastes Management Act* came into force on November 15, 1988.

The Nova Scotia regulation is, in many ways, a duplicate of the federal PCB Interim Order. Regulated quantities, site requirements, maintenance and inspection requirements, labelling requirements, the requirements for maintaining books and records and reporting requirements are all comparable; in fact, they are practically identical.

With respect to access to the storage site, the Nova Scotia regulation requires that access to the storage site be controlled to prevent entry by unauthorized persons, but does not make specific reference to fencing. With respect to Fire Protection and Emergency Procedures, the Nova Scotia regulation calls for an "Emergency Procedures Plan", approved by the Director.

Newfoundland and Labrador

The *Storage of PCB Wastes Regulations* were enacted on September 20, 1988, by the Government of Newfoundland and Labrador under the *Waste Material (Disposal) Act*, 1973. While the regulations do not in themselves meet all the requirements for comparable effect, when taken as a whole with the *Waste Material (Disposal) Act*, 1973, they are generally comparable to the Interim Order. Two specific items do not appear to be comparable: (1) the Newfoundland regulations do not have a requirement for restricting access to storage sites; (2) the Newfoundland regulations do not have specified time limits for the preparation of floors and dykes. These items, however, can be addressed through stipulations normally included in certificates of approval which are issued under the *Waste Material (Disposal) Act* for specific projects.

PART B: INSPECTION OF SITES

RESPONSES TO SENATOR COLIN KENNY'S QUESTIONS OF JUNE 13, 1989 CONCERNING THE STORAGE OF PCB WASTES INTERIM ORDER

There are 2300 PCB waste storage sites in Canada. Of those, 547 are considered to be "federal" sites, i.e. federally owned; or operated under federal jurisdiction as "federal works and undertakings"; the responsibility of a federal department, commission, agency, board or crown corporation. The remainder are "non-federal" sites. All provinces, except Prince Edward Island and in the Northwest and Yukon Territories, are listed on Schedule A and PCB waste storage sites, other than the "federal sites" described above, are now governed by provincial legislation. In Prince Edward Island and the two territories, federal inspectors appointed under the Canadian Environmental Protection Act continue to enforce the Interim Order.

Federal Sites

Of the 547 federal sites inspected, 189 were issued warnings because reasonable grounds were found to indicate violation of the Storage of PCB Wastes Interim Order. As of June 30, 145 are in compliance and 58 are still not in compliance. See tables 1 and 2.

Non-federal sites

Seventy-one non-federal sites were issued warnings. Three inspector's directions were also issued. See tables 3 and 4.

In accordance with the *CEPA Enforcement and Compliance Policy* released to the public in June of 1988, the federal government has undertaken to enforce the new provisions under CEPA in a variety of ways. For infractions where there is no substantive threat to the environment or to human life or health, written warnings are issued (see page 45 of the *Policy*). Where there is unauthorized release or the likelihood of release of a regulated substance, inspectors may issue a direction (page 46 of the *Policy*). In either instance, a re-inspection is then conducted to verify compliance. Other situations may warrant immediate referral to the Attorney General for prosecution (see below).

Continued non-compliance, by anyone, including the Federal and Provincial Crowns (section 4, CEPA), is dealt with in accordance with the *Enforcement and Compliance Policy*, and may include referral to the Attorney General for prosecution. It is then up to the Attorney General to examine the relative merits of each individual case and determine whether to prosecute.

Referrals to the Attorney General for prosecution are always made when

— there is a death or bodily harm to a person,

— or where there is a serious harm or risk to the environment, to human life or health,

— where the alleged violator knowingly provided false or misleading information or test results,

— obstructed the inspector,

— concealed or attempted to conceal information after the offence occurred,

— or did not take all reasonable measures to comply with a direction or a ministerial order (see pages 50-51 of the *Policy*).

The Government is not in a position to release the names and addresses of those sites that had received warnings for alleged violations of the Storage of PCB Wastes Interim Order. The release of this information would be inconsistent with the principles of natural justice, the *Access to Information Act*, and the *Canadian Charter of Rights and Freedoms*.

Table 1

Number of federal PCB waste storage facilities which had received warnings and that are now in compliance; to June 30, 1989

Region	Province	Number of Sites
Pacific	British Columbia	22
Western and Northern	Alberta	6
	Manitoba	18
Ontario	Ontario	26
Quebec	Quebec	16
Atlantic	New Brunswick	17
	Prince Edward Island	3
	Nova Scotia	27
	Newfoundland	10

Table 2

Federal facilities that are still not in compliance and the sections of the interim order that have been contravened as of June 30, 1989

Region	Province	Site Number	Section Contravened
Pacific	British Columbia	1.	7.e, 9.a, 10.[a,d]
		2.	6.1c, 8.1a
		3.	7.[b,e,g], 10.[b,c]
		4.	3.(5), 7.[e,1]
		5.	6.1c, 7.1, 8.1[a,c], 11.a
		6.	7.[e,1], 8.1[a,c,d] 9.[a,b], 11.a
		7.	6.1c, 7.[a,e,1], 9.a, 10.[a,d]
		8.	6.1c, 7.1, 8.1[a,c], 9.a, 11.a
		9.	6.1c, 7.1
		10.	7.[e,1]
		11.	6.1c, 7.[b,e,1], 8.1[a,c], 9.a
		12.	7.f(iii), 8.1a, 11.a
		13.	6.1c, 7.[c,e,f,o], 8.1a 9.[a,b], 11a.
		14.	7.[b,c,e]
		15.	6.[a,b,c], 7.[a,b,e, g(i), h(i,ii,iv), 1,n (i), o], 8.1[a,d], 9.[a,b,c] 10.[c,d], 11.[b(i),d]
		16.	7.[b,c,e,1]
		17.	6.1[a,c], 7.e, 8.1b, 10.a
		18.	6.1c, 7.e,[i(iii), 1], 8.1[a,b]
		19.	6.1c, 7.[a,b,e,f(iii), g(i), 1, o], 8.1[a,b,c,d] 9.[a,b], 10.[a,d], 11.a, 12.a
Western & Northern	Saskatchewan	20.	6.c, 7.[d,e,f,g(i), 1], 8.1[a,b,(i),c, 10.b(i), 11.d
		21.	7.1, 8.1[b(i)]
		22.	6., 7.[e,i,l,o], 8
Ontario	Ontario	23.	7(b,d,e,l,o), 8(1)(a),(c,d), 9(a), 11(a)
		24.	6(1)(c), 7(a,e,g.1,i,n.1,o), 8(1)(a), (2), 9(b,c)
		25.	6(1)(c), 8(1)(d), 10(d), 11(d)
		26.	7(i,j,n), 8(1),(a,d), 11(a,b,d), 12(a)
		27.	6(1)(c), 7(a,c,d,o), 8(1)(a),(2), 9(b),10(d), 11, 12
		28.	6(1)(c), 8(1)(a,d), (2), 9(a,b,c), 11, 12
		29.	7.1, 8.1d, 9.b, 11, 12

Region	Province	Site Number	Section Contravened
		30.	6(1)(a,c), (2), 7(a,b,c,e,f,l,o), 8(1)(a),(b,c,d), 9(b),10(d), 11(b)
		31.	7(b,d,e,l,o), 8(1)(a),(c,d), 9(a),11(a)
		32.	7(b,d,e,l,o), 8(1),(a),(c,d), 9(a),11(a)
		33.	7(e,n.1), 12(b,c)
		34.	8(1)(a,c)
		35.	6(1)(c), 8(1)(d), 9(b), 11(b,d), 12(a,b)
		36.	6(1)(c), 8(1)(a,d), 10(b.1,d), 11
		37.	7.[a,b,c,l,o], 8.1[a,b(i),c], 9.b 11., 12.
		38.	7(b,d,e,l,o), 8(1)(a),(c,d), 9(a), 11(a)
		39.	6.1d, 7.b, 8.1[a,c], 10.a, 11.
		40.	6.1b, 7.[a,b,c,d,l], 8.1a, 9.b, 11.d
Quebec	Quebec	41.	6(1)(d) 7(c,l,m) 8(1)(a,b) 10(b, c) 11(d)
		42.	7(a,b,c,l,o) 8(1)(a), (b)(i), (c) 9(b) 11 12
		43.	8(1)(b)(ii) 8(1)(d)
		44.	6(1)(a,b,d) 6(2) 7(m,n) 8(1)(a) 11(d)
		45.	8(1)(a,c,d)
		46.	6 10(a)
		47.	10
		48.	6 7(b,c,e,m,n,) 8 9(b,c)
			10(d) 11 12
		49.	6(1)(c) 7(b,c,m,n,o) 8 9(a,b,c) 11
		50.	7(c), f(i) and (iv) 7(m,n) 8(1)(b)(i) and (d) 9(e)
		51.	7(i)(ii) and 7(k) 8(1)(a)
		52.	6(1)(d) 7(b) 8(1)(a,c) 10(a) 11
		53.	6(1)(b) 7(a,b,c,d,l) 8(1)(a) 9(b) 11(d)
		54.	7(b,c,l) 8(1)(d)
		55.	6(1)(e)
		56.	6(1)(b) 7(1) 8(a), (b)(ii) 8(d) and 8(m) 10(d) 11 and 12
		57.	CEPA, s.113(i)
Atlantic	Newfoundland	58.	CEPA, section 113(i)

Table 3

There are 71 non-federal sites which received warnings. Sections contravened are listed below.

Non-federal PCB waste storage sites which received warnings for violations of the interim order respecting storage of PCB wastes to June 30, 1989
and the sections of the interim order contravened in each case

Region	Province	Non-Federal Site	Section Contravened
Pacific	British Columbia	1.	7.[d,e,(g.2),j,l,0], 8.(1)[a,c,d], 9.a, 11.[b,d], 12. [a,b]

Region	Province	Non-Federal Site	Section Contravened
		2.	6.1c,7.[d,(g2a),1, 0], 8.(1)[a,b,d], 9.a 9.[a,b,c], 11.[a,d]
		3.	7.e, 9.c
		4	6.1[a,b,c,d], 7.e, 8.1[a,b,d], 9.[a,b], 10.d
		5.	3.(5), 6.1[a,b,c,d], 7.[c,e,1], 8.1[a,c], 9.b, 10.d, 12.a
		6.	6.1[a,b,c], 7.[c,e,1] 8.1[a,c], 9.[a,b], 10.d
		7.	7.e, 8.1a
		8.	7.f, 8.1[a,b], 10.d, 11.[b,d], 12.a
		9.	6.1c, 7.[c,n.1], 9.b
		10.	6.1c,7.[b,c,d,e,(g 1a,c) (g2a,c),i,j,l,0,], 8.1[a,c,d], 9.[a,b], 11.d
		11.	6.1c, 7.[a,b,c,d,e,g, (g1,2a,c),i,j,l,n1, o], 8.1[a,b,c,d], 9.[a,b]
		12.	6.1[a,b,c], 7.[a,b,c,d, e,g,j,l,m,n.1,o], 8.1[a,b,c,d], 9.[a,b], 10.[a,b,c,d],11.[a ,b,d] 12.[a,b]
		13.	7.[l,n1], 8.1[a,c], 9.c
		14.	6.1[a,b,c], 7.[a,b,c, d,e,g,j,l,m,n.1,o], 8.1[a,b,c,d], 9.[a,b], 10.[a,b,c,d], 11.[a,b,d] 12.[a,b]
		15.	3.5, 6.1[a,b,c,d], 7.[e,h,m,o], 8.1[a,b], 9.[a,b,c], 12.[a,b]
		16.	6.1, 7.[d,e,j,o], 8.1[a,b,c,d], 9.a, 11a
		17.	6.1[a,c,d], 6.2, 7.[b,c,e,l,0], 8.[a,b,c,d], 9.[a,b], 10.d, 11.[a,b,c,d], 12.a
Western	Alberta	18.	7.1[c,n(1)] & Northern
	Manitoba	19.	6.1d, 7.1, 8.a[a,c], 10.b, 11d
	Northwest Territories	20.	8.1a, 9b
		21.	6.1[a,b,c,d], 7.d, 8.[a,c]
		22.	6.1[a,d], 7.[a,b,c,g,o] 8.1[a,c,d], 2, 9.b, 10.[a,b,c,d] 11.[a,d], 12.a
		23.	7.c, 8.[a,c]
Ontario	Ontario	24.	6.1[a,b], 7.[a,b,c,h,o] 8.1d, 9.c, 10.b(1)
		25.	6.1c, 7[1,n(1)], 8.1[c,d], 2, 9.b, 10.[b(1),d], 11., 12.
		26.	7.[a,b,c,e,l], 8.1[a,d] 10.[b(1),d], 11., 12.
		27.	7.[m,n], 8.[1a, 2], 10.[a,b,b(1),c], 11., 12.
		28.	7.n(1), 10.c
Quebec	Quebec	None	
Atlantic	Newfoundland	29.	7.a
		30.	6.1c, 7.[l,m], 8.1[a,b(1),c], 11.a
		31.	6.1d, 8.1[a,c,d]
		32.	8.1[a,b(ii)]
		33.	6.1c, 7.m, 8.1[a,b,c]
		34.	7.m, 8.1[a,b(i)]
		35.	7.h, 8.1c, 9.c, 10.d

Region	Province	Non-Federal Site	Section Contravened
		36.	6.1d, 7.d, 8.1[a,c,d], 11.a
		37.	6.1b, 7.m, 8.1[a,c],
		38.	6.1d, 7.d, 8.1[a,b,c,d] 9.[a,b], 10.d, 11.a
		39.	7.[m,n], 9.b
		40.	7.m, 8.1[a,c]
		41.	6.1[a,b,c,d], 7.o, 8.1[a,d], 11.a
		42.	6.1d, 7.m, 8.1[a,c,d]
		43.	6., 7.d, 8.1a, 9.[a,b], 10.d, 11.a
		44.	8.1
		45.	6.1c
		46.	6.1[a,b,c,d], 8.1[a,c,d] 9.[a,b], 11.a
		47.	7.m, 8.1[a,b,c,d]
		48.	6.1[c,d], 7.m, 8.1[a,b]
	New Brunswick	49.	6.1b, 8.1[a,b(i)], 9.c
		50.	7.[n(l)], 8.1[a,b(ii)], 9.c, 10.d
	Prince Edward Island	51.	9.c, 10d
		52.	6.1d, 8.1[b(i),c],
	Nova Scotia	53.	6.1[a,b,c,d], 7.o, 8.1[a,b(i),c], 10.d
		54.	8.1b(i)
		55.	6.1[c,d],7.m, 8.1[a,b,d], 10.d
		56.	6.1d, 8.1[a,b(i), c,d],
		57.	6.1[a,b,d], 7.o, 8.1c, 9.c
		58.	6.1[a,c,d], 7.[m,n], 8.1[a,b,c,d], 9.[b,c], 11.a
		59.	6.1[a,b,c,d,], 7.d, 8.1[a,b,c], 11.a
		60.	6.d, 8.1[a,c]
		61.	6.1d, 8.1a
		62.	6.1[a,d], 7.o, 8.1[a,d], 9.c
		63.	6.1d, 7.[h,m], 8.1[a,d]
		64.	6.1d, 8.1[a,b,c], 11.a
		65.	6.1[a,b,c,d], 7.[g,h,j(ii), o], 8.1[a,c], 10c
		66.	6.1d, 7.m, 8.1[a,d], 10d, 11a
		67.	6.[1d,2], 8.1[a,c,d],
		68.	6.1d,8.1[a,b(i), (ii),d] 9.a, 10.d, 11.[a,d], 12.a
		69.	6.3d 7.m, 8.1a, 9.b, 11.a
		70.	6.1d, 7.m, 8.1[a,b(i), (ii)], 11.a
		71.	6.1[c,d], 7.d, 8.1[a,c,d], 11.a

Table 4

THE NUMBER OF INSPECTOR'S DIRECTIONS ISSUED UNDER 36(5) OF CEPA TO JUNE 30, 1989

Answer: Three

In certain specific situations, where a CEPA inspector has reasonable grounds to believe that a violation of

CEPA has occurred, section 36(5) of CEPA empowers him/her to take the necessary remedial measures or to cause or direct that such measures be taken, where a regulatee fails to do so.

Inspector's directions, however, have a somewhat more restricted application than warnings in that they are appropriate only where there has been an unauthorized release or the reasonable likelihood of such a release of a controlled substance into the environment. In the three cases where these explicit criteria were met, a direction rather than a warning was issued by departmental officials.

The three non-federal sites are located in: Northwest Territories, Newfoundland and British Columbia.

PAROLE

DETENTION PROVISIONS OF ACT—REQUEST FOR UNDERTAKING

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 22 last by the Honourable Senator Hastings respecting Parole—Detention Provisions of Act—Request for Undertaking.

(*The answer follows:*)

The Chairman of the National Parole Board has indicated that the definition of "serious harm"—as mentioned in the *Parole Act*—would be clarified to assist Board members in reaching consistent and defensible decisions regarding inmates who have been referred to it under the provisions of Bill C-67.

This change respecting the detention provisions of the captioned legislation is a matter of policy, and requires no changes to the *Parole Act* or its regulations. There are no plans to undertake legislative amendments before the review is undertaken.

COPYRIGHT

EDUCATIONAL EXEMPTIONS FROM PROVISIONS OF ACT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 28 last by the Honourable Senator Marsden respecting Copyright—Educational Exemptions from Provisions of Act.

(*The answer follows:*)

It is now foreseeable that the second phase will be tabled in early 1990.

This second stage is very important and must balance the interests of both the creators and the users of protected works.

For the past two years, two consultative committees composed of creators and users of educational and library materials have worked together to discuss the scope of various exceptions for certain specific uses of copyright works. A consensus has been reached on most issues which clearly indicates to the Government the cooperative spirit that has resulted from the consultations.

The second set of copyright amendments will be tabled in the House of Commons on a priority basis and once tabled will be readily available to the public for further broad-based consultations.

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Beaudoin calling the attention of the Senate to the Meech Lake Constitutional Accord and to the *Canadian Charter of Rights and Freedoms*.—(*Honourable Senator Hicks*).

Hon. Henry D. Hicks: Honourable senators, I yield to Senator Frith.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on June 29 Senator Beaudoin launched an inquiry entitled "Meech Lake Constitutional Accord and Canadian Charter of Rights and Freedoms".

While in this historical frame, I should like to remind honourable senators that more than two years ago, on May 6, 1987, shortly after the details of the accord were released, there was an exchange in the Senate dealing with the accord and the price that was paid for it. At that time I said, at page 957, to Senator Murray that the objectives of the Meech Lake Accord were clearly to be applauded, but that it seemed to me, on the basis of the details then available, that the price paid for it was too great. That continued with an exchange to make sure that I was serious about what I was saying and that it was to be on the record. It was well established that it was to be on the record and it is on the record. I want to have a look again at the price that was paid for Meech Lake.

Senator Beaudoin supports the accord and is of the "calmez-vous" school. There are various arguments put forward to support the Meech Lake Accord and to persuade those concerned to adopt it. But Senator Beaudoin, as I say, belongs to the "calmez-vous" school: that is, there is really not very much here at all, nothing to be agitated about, and it is a cheap price to pay for the great constitutional and political breakthrough that it represents. As I say, I should like to have a look at that cheap price and what we got for it.

• (1550)

First, Senator Beaudoin noted that the debate on the Meech Lake Accord is increasingly on the "distinct society" clause in relation to the Charter of Rights and Freedoms and less and less on the other four items of the accord. In that respect I agree with Senator Beaudoin, and I think he probably agrees with me that we should not ignore the potential effect of the "distinct society" clause on other areas of the Constitution,

such as the spending power, the immigration power and the distribution of powers under sections 91 and 92.

Before we get to the law and politics, let us spend a moment on the facts and be quite clear that no one is sincerely denying the distinct character of Quebec or could justifiably deny the distinct character of Quebec. As Senator Beaudoin notes:

> Quebec is the only province with a Civil Code, the only province with a French-speaking majority and the only province where the French culture predominates.

So on the facts let us be clear. It is a fact that Quebec is distinct from other provinces in its civil law, in its linguistic characteristics, in its culture and, indeed, in its history. But the Meech Lake Accord does not simply say that Quebec is a distinct society. It states that the Constitution of Canada—and that is all of the Constitution of Canada, including the Charter—shall be interpreted in a manner consistent with the distinctiveness of Quebec and with the fact that the legislature and Government of Quebec have a role or a duty to preserve and promote that distinctiveness. So, far from simply recognizing an existing distinction, does this not place a duty on the Government of Quebec and on the courts to increase the distinctiveness of Quebec rather than simply maintain it? My dictionary, *Shorter Oxford*, says that to promote something means to further its growth, development or progress.

How far do the implications of this duty to preserve and promote go? Does anyone know? I do not think anyone is sure how far this distinctiveness goes. Certainly Quebec's linguistic situation is distinct. As I have said, its civil code is distinct; and its culture is distinct. But if this is all that "distinct society" means, why should we not say so in the accord? Section 2(3) of the accord could as easily say

> that Quebec constitutes within Canada a distinct society linguistically, legally and culturally.

What more does distinct mean? Is Quebec perhaps a politically different society? We hear a lot these days about the balance between collective rights and individual rights. If part of the distinction of Quebec involves a tilt—a word that Senator Beaudoin used in his speech, although not in this context—towards collective rights, then section 2, as an interpretive principle, will certainly have a major impact on Charter rights in Quebec.

Does Meech Lake override the Charter? Senator Beaudoin says:

> If the purpose of Meech Lake were to override the application of the Charter, I would object to it.

Now, Senator Beaudoin is a lawyer. He chooses his words carefully. Overriding the Charter may not be the purpose of the "distinct society" clause, but it could very well be the result. It is only the purpose which Senator Beaudoin referred to.

In Senator Beaudoin's brief to the joint committee he said that the "distinct society" clause could

> tip the scales to one side or the other in certain cases, in particular under section 1 of the Charter or in a grey area of the division of the powers.

But of course the whole history of interpreting the division of powers in sections 91 and 92 is in the grey areas. The black-and-white areas never excite court interpretation; only the grey areas do. So, if it could "tip the scales to one side or the other in certain cases, in particular under section 1 of the Charter or in a grey area of the division of the powers," does that mean that section 1 of the Charter would be interpreted after Meech Lake as permitting reasonable limits on Charter rights when demonstrably justified to promote the distinctiveness of Quebec? Just in case there is any doubt about what I mean when I refer to section 1, remember that section 1 of the Charter says:

> The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

That is what it says without Meech Lake. What will it mean with Meech Lake? There are many cases, as we know, since the Charter where the courts have said this law infringes the Charter but is not unconstitutional, because it escapes through section 1 as being demonstrably reasonable. But after Meech Lake, will section 1 of the Charter be interpreted differently in Quebec? Will it be interpreted as permitting reasonable limits on Charter rights when demonstrably justified to promote the distinctiveness of Quebec? If not, to what was Senator Beaudoin referring?

In any event, Senator Beaudoin knows very well that section 1 has become the most critical section in interpreting Charter rights and the Charter section most often referred to. It was the wording of section 1 that led the Supreme Court of Canada to suggest in *La Chaussure Brown's* case that requiring the predominant display of the French language or even its marked predominance would be a reasonable limit on freedom of expression in Quebec. That is before Meech. The goal of promoting and maintaining a French "visage linguistique" was justified under section 1 of the Charter as it now stands in the interests of ensuring the survival of the French language.

That was the situation prior to Meech. What would the situation be after it? Certainly it would be an interpretive principle for all of the Constitution, including the Charter, that the government and legislature of Quebec has the role of protecting and promoting the distinct society of Quebec, including the linguistic distinction, one would assume, and properly so. If a marked predominance of the French language was a reasonable limit before the distinct society principle had constitutional status, is it improbable that requiring the exclusive use of French would be a reasonable limit after Meech Lake comes into effect? That raises a broader question.

• (1600)

Commentators, including Senator Beaudoin, tend to talk rather blithely about the fact that the proposed section 2 merely recognizes that Quebec is a distinct society. It does

more than that. It recognizes as an interpretive principle that the Government of Quebec has a role in promoting the distinct identity of Quebec, and this is a far more important interpretive principle than the recognition of Quebec as a distinct society.

At the moment, I hope that I leave to all of us any judgment about these dimensions on whether they are desirable or undesirable. Because I say that Meech Lake will change and can change in a very substantial way the interpretation of our Constitution does not mean that it is necessarily undesirable. What I am doing is examining the price so as to decide whether it is worth paying and to be sure that we understand what we are signing our Visa card for.

Our good friend, Eugene Forsey, who was much quoted by Senator Beaudoin, has suggested that Newfoundland is also a distinct society.

Senator Doody: Hear, hear! That is a self-evident truth.

Senator Frith: I have written in my notes: "When you say this, wait for the applause."

Linguistically, culturally and legally, Senator Forsey says, it is a distinct society. Linguistically and culturally are undeniable, and there is good historical evidence that in the application of the law Newfoundland is also a province not like "les autres." However, let us accept for the moment that Quebec is the only province that is historically and constitutionally distinct and let us use Newfoundland merely as an example of the relationship between the various parts of section 2 of Meech Lake. In short, to help us understand how section 2 might operate, let us hypothetically replace Quebec with Newfoundland.

The proposed section 2 of the Meech Lake Accord would now say that Newfoundland constitutes within Canada a distinct society. It would also say that the role of the legislature and the Government of Newfoundland is to promote that distinct society. Under those circumstances, would Senator Beaudoin seriously argue that section 2 would have no influence in the interpretation of federal powers over seacoast fisheries, for example, or that power sharing is not at all affected by this simple, harmless clause? I doubt it.

Let me turn to linguistic duality, which also featured in Senator Beaudoin's speech. Senator Beaudoin suggests that the principle of linguistic duality is on the same basis as that of a distinct society. This is not so. First, no one is charged with the responsibility of "promoting" linguistic duality; Quebec is charged with "promoting" the distinct society. I feel that Senator Beaudoin does not like to talk about the word "promoting". He prefers to emphasize the word "preserving". And that is understandable, honourable senators, because the centre of his thesis is that Quebec is—and I, at least, accept that—a distinct society and that all the Constitution does is say that. It reinforces a fact and therefore preserves it. But Meech Lake does not merely say "preserve"; it says "promote".

The second reason why I say that there is an identity between the distinct society and linguistic duality is that, once we take the subordinate clause out, subsection 2(1) recognizes only that the existence of French- and English-speaking Canadians—this is the duality—is a fundamental characteristic of Canada. Certainly it is. The existence of a people speaking both languages will doubtless continue to be a fundamental characteristic of Canada. But "existence" is not a very strong word in this context. If section 2 said that the recognition of Canada as a distinct society was based on the protection and promotion of our linguistic duality, the point would have been more acceptable to many Canadians. It would have described our distinctiveness as Canadians in terms of linguistic duality rather than the distinctiveness of Quebec alone.

Lest Senator Beaudoin feel that I am distorting his arguments, I refer him to his exact words of June 29:

> So why not say, in one and the same section, that linguistic duality is a fundamental characteristic of Canada and Quebec is distinct?

How can we agree with him without accepting that we are putting in the Constitution the clear inference that linguistic duality is not a fundamental characteristic of Quebec because it is distinct?

Third, if the linguistic duality were really on the same basis as the distinct society, then the same political entity would be charged with enforcing it. And surely it would make considerable sense for "the Parliament of Canada and the provincial legislatures" to be entrusted with the role, the responsibility and the duty to preserve and promote both the fundamental characteristics of Canada and the distinct society of Quebec.

Senator Beaudoin suggests that the term "role of preserving" does not mean a change in Quebec's powers or in the existing balance of constitutional jurisdiction. But surely, if it is not an addition to the powers of the Government of Quebec, it is at least an addition to the duties of that government.

This is something that seems to have been entirely overlooked. Generally, our Constitution does not impose duties on governments; it describes the sharing of powers. But section 2 of the Meech Lake Accord clearly describes a governmental role or duty. This is new in our constitutional jurisprudence. This is something that could theoretically be endorsed by a private individual. What would happen, for example, if the Government of Quebec decided that Bill 178 as it stood was unnecessarily contentious, that it should be modified by providing for a token show of English, or even more than a token show of English? After the signing of the Meech Lake Accord, could not a private citizen challenge the proposed amendment on the ground that the Government of Quebec was not fulfilling its role or duty in preserving the distinct society?

The proponents of Meech Lake like to pretend that we are talking about executive federalism or an agreement among governments here, but, after the signing of Meech Lake, in reality we are talking about governmental responsibilities that a private citizen could claim to enforce under the Constitution.

In the same vein, Senator Beaudoin suggests that section 2 is just like section 27 of the Charter of Rights and Freedoms, which preserves multicultural rights. On June 29 Senator

Beaudoin made quite a lot about this. In fact, in a sense it was one of the new elements that he was bringing to our attention in the Meech Lake argument. He said, "Look, it is just the same as multicultural rights; calmez-vous; don't get upset; it is nothing to be concerned about." True enough, the wording of section 27 is similar to that of paragraph 2(1)(b) of the Meech Lake Accord, but it should be borne in mind that section 27, as an interpretive principle, applies only to the Charter of Rights and Freedoms and that section 2 of the Meech Lake Accord applies to all of the Constitution. I must pick up my friend and colleague on the fact that he did not say that they were similar. He said that section 27 and the "distinct society" clause were exactly the same.

• (1610)

When I heard him say that I had to scramble for my Constitution, because Senator Beaudoin is not only a lawyer but also a professor of law. It is similar; but what Senator Beaudoin ignores is that in subsection 2(3) the duty of the Government of Quebec is to preserve and promote the distinct identity of Quebec. The only way that section 27 of the Charter of Rights could be congruent with section 2 would be if there were a section that said, "the role of Parliament and the provincial legislatures is to preserve and promote the multicultural heritage of Canada," but there is not. Section 27 of the Charter may be an interpretive provision similar to the wording of paragraph 2(1)(b), but the essence of section 2 in the Meech Lake Accord is not that it recognizes Quebec as a distinct society but that it gives constitutional standing to the duty of the Government of Quebec to promote and enhance that distinctiveness.

I admit that I have more questions than answers in this matter.

Senator Flynn: That is obvious.

Senator Frith: That is because the supporters of Meech Lake take two very different points of view—and this may be obvious to you, Senator Flynn, but I may have to explain it—on the meaning and purpose of the section.

For example, the Premier of Quebec seems to feel that the "distinct society" clause is crucial to the accord and will allow Quebec more control over its own destiny. Others, including, it seems, Senator Beaudoin, argue that we should accept the "distinct society" clause because it changes very little and therefore is not worth risking the new constitutional accord.

Senator Beaudoin argues, for example, that the "distinct society" clause enshrines into the Constitution an explicit interpretive rule the courts already recognized as an implicit one in *La Chassure Brown's*. But if it is an implicit rule that is already recognized by the courts, why do we need to make it explicit?

This question as to exactly what view the proponents of this amendment have begs the question raised by the difference between the French and English versions of the accord. The English version affirms the role of the legislature and government to preserve and promote the distinct identity of Quebec; the French version simply states that the legislature and government have such a role. The English version suggests the recognition of an existing role or duty, but does not the French version leave open the argument that a new role or duty is being described?

Meech Lake, as you know, would give a province the right to reasonable compensation when it opted out of a new national shared-cost program, provided the program was compatible with national objectives.

Again in his "calmez-vous" theme Senator Beaudoin suggests that this is not—

Senator Beaudoin: I have a question of privilege. I never used the words "calmez-vous". Where do you see that expression?

Senator Frith: I never said that you said "calmez-vous"; I said that the honourable senator was a member of that school of Meech proponents.

An Hon. Senator: Which school?

Senator Frith: Well, let me finish. The school I have just described to you. Let me describe the two schools. One school, which is Mr. Bourassa's school, states that "This is great progress. It makes great changes and is absolutely necessary." Senator Beaudoin's school is the one that says, "Look, it does not really add an awful lot. The interpretive rule is already there. It is just recognizing the fact that there is a distinct society." Those are the two schools. A way of describing school number two, to which we can appoint Senator Beaudoin as the dean, is to call it the "calmez-vous" school, saying, "Don't worry about it; there is really nothing here—"

Senator Flynn: But what is your school? What school do you belong to?

Senator Frith: You will have to decide that. I think it is too early for you to decide.

Senator Flynn: I do not know.

Senator Frith: You do not know because you have not heard it all yet. If you will wait and you are patient, you will see which school I belong to; I will describe it.

Senator Flynn: You have already described it.

Senator Frith: Yes, I described the school partly two years ago, and I have not changed as yet.

Senator Flynn: You do not often change.

Senator Frith: Unlike you.

We were talking about the opting-out provision. Senator Beaudoin suggests that this is not a major change, that it is really just a confirmation of an existing opting-out provision; and he suggests in his brief to the joint committee that it will not be used all that often since it only applies to programs which are: first, new; second, in a strictly provincial field; third, shared cost; and fourth, national.

At the beginning of the month I started casting around for an example of what such a program might look like; and it was not easy. But then I picked up the paper and read that the Minister of the Environment felt that the problem of PCB

destruction could only be dealt with by a national program. Now PCB destruction is certainly an important issue, but, unless it constitutes an outright national emergency or something close to it, it is strictly a provincial field. Mr. Bouchard did not say exactly what proposal he would be presenting to the provinces in October, but it certainly sounded as if there might be cost sharing involved. There has been a great deal of discussion about how the term "compatible with national objectives" might be interpreted and about who should decide what the national objective is and whether a provincial program would be compatible with it. But PCB destruction is a pretty straightforward objective. So, if Meech Lake were in effect, there is a fair chance that the provincial response to his program would be, "Just give us the money and we will do it ourselves." However, if over five provinces opt out, is it still a national program?

In the next paper I picked up Mr. Bouchard was calling for a major initiative on selling Meech Lake. As the spokesman for Quebec Mr. Bouchard may want Meech Lake to become a fait accompli as soon as possible, but as Minister of the Environment he must hope that section 106(a) will not come into existence until after any shared-cost program on cleaning up PCBs is dealt with at the meeting of environment ministers in October. In the one role he is saying that only a federal program can resolve the issue; in his other role he is asserting that a federal program would be impossible under the Meech Lake Accord.

Again, it is hard to know what rationale the Meech supporters are using at any given moment. Perhaps the key is to pay close attention to what hat is being worn in what particular situation.

When we express doubts as to exactly what "distinct society" means, Senator Beaudoin again tells us not to worry about it. This is an example of what I mean by "calmez-vous." He states: "Don't worry. The courts will interpret it; they've been doing it since 1867." But Peter Hogg points out that the original "BNA Act did no more than was necessary to accomplish Confederation . . . Apart from the changes needed to establish the new federation, the British North America Act wanted the old rules to continue in both form and substance exactly as before." This was after extensive debate of the draft terms in the legislatures of Canada in 1865. Indeed, the provinces that did not have extensive debate—

• (1620)

Senator Beaudoin: Peter Hogg is in favour of the Meech Lake Accord.

Senator Frith: Yes, and so are you.

Senator Beaudoin: Sure.

Senator Frith: What does that mean? Does that mean that I cannot quote anyone who is in favour of the Bible or against something else? That I cannot quote what they said?

Senator Beaudoin: No, but what I said was that the courts will interpret the "distinct society" clause, as they have interpreted many other clauses in the Constitution, and I have every confidence in the Supreme Court of Canada. That is all I mean.

Senator Frith: Perfect. There could not be a better introduction to what I am about to say. The provinces that did not have extensive debate on the terms of the Constitution in their legislatures, namely, Nova Scotia and New Brunswick, came close to seceding from the new Dominion of Canada immediately after Confederation.

It seems to me, honourable senators, if we are to learn a lesson from 1867, it is not that the "courts" can solve all problems of bad drafting without any cost; it is that this country is built upon a constitutional document debated at length in the legislatures of Ontario and Quebec, a document which included no unnecessary terms or provisions; a document intended to be implemented by the politicians who had drafted it and only as a last resort by the courts.

In order to recognize Quebec as a distinct society, have we moved further toward executive federalism? Have we moved towards the attitude that we can solve our problems by putting them in the Constitution and letting the courts sort them out? Senator Beaudoin, as he has just reminded us, says that we need not worry about whether or not Meech Lake actually means what he hopes it means because the Supreme Court will resolve any problems with the drafting. The Supreme Court, he says, "is not there to dismember Canada. It is there to harmonize it." This is a rather odd comment coming from a constitutional lawyer. It was always my understanding that the Supreme Court was there to interpret the law rather than to harmonize the country. Harmonizing the country is the job of the politicians, not of the judges. If the politicians' drafting is wrong, the Supreme Court will not be able to fix it. It is not their job to do so.

Senator Beaudoin says we can ignore the suggestion that "the Supreme Court can decentralize the Constitution too much." I agree with that statement. I am not worried that the Supreme Court will decentralize the Constitution. I am afraid that we, and the other legislative bodies in the country, will decentralize the Constitution by passing Meech Lake.

Still, honourable senators, Senator Beaudoin tells us not to worry about what "distinct society" means; that the courts will decide. However, my question is: On what basis will the courts decide? Historical evidence? A declaration of distinction by the Government of Quebec? The decisions of the Quebec Court of Appeal?

Are we, for example, going to see a distinct Court of Appeal as well as a distinct society? A Court of Appeal whose decisions carry extra weight? After all, lawyers will argue, "This appeal comes from the Court of Appeal of a distinct society; so the Supreme Court must be particularly careful about saying it is wrong."

Senator Flynn: Oh, no!

Senator Frith: Do you not think that any lawyer will argue in that fashion? You are naive.

Let us suppose, for example, that Meech Lake had been in effect this summer when the Daigle case was heard. The

decision of the Quebec Court of Appeal was strongly based on the Civil Code as well as on the Quebec Charter of Rights. Mr. Tremblay's lawyer would almost certainly have used the argument that the decision was part of Quebec's distinct society, part of its distinct legal background. His argument would have run thus:

> Perhaps a foetus is not a legal entity, and a putative father has no legal interest in a pregnancy in the common law provinces. But the Civil Code is distinct, and who knows more about the Civil Code than the Quebec Court of Appeal? You should be very, very careful before you overturn such a decision.

Mr. Tremblay's lawyer might well have lost regardless of that argument, but surely the possibility of such arguments is at least worthy of consideration. The "distinct society" clause will not be argued only by the Government of Quebec; it will be argued by various private litigants for their own purposes.

Senator Flynn: Oh, oh—

Senator Frith: As the professor used to tell us in law school: "Make notes, and ask questions at the end."

The "distinct society" clause will not be argued only by the Government of Quebec; it will be argued by various private litigants for their own purposes. Mr. Tremblay's lawyer would have raised the argument simply because it might have helped his client win his case.

I return now to the question of the price and what we get for it. In short, I suggest that the price of Meech Lake could be very high. We are talking about significant structural changes in our Constitution, framed in ambiguous language. We are supposed to be comforted by the suggestion that the courts will know the intention of the words, even though the legislators themselves cannot agree. By the time we know the full price of Meech Lake it will be far too late to rectify the matter.

Honourable senators, everything, of course, does have a price. Supporters of Meech Lake suggest that, whatever the costs, Meech Lake is a good idea because of what we get for it. As Senator Beaudoin puts it, we "bring Quebec back to the negotiation table," gaining the agreement of the present Government of Quebec to the 1982 Constitution Act and Quebec's participation in future constitutional negotiations. There is one overwhelming flaw in this logic. The "price" is entrenched in the Constitution and is irrevocably paid. The "benefit" is simply the commitment, unenforceable at law, of one government. We have Mr. Bourassa's word that his government will return to the negotiating table, but no other Quebec government would be bound by Mr. Bourassa's commitment.

In considering the price to be paid for Meech Lake and the benefit to be gained, it seems to me that we should inspect the historical background of the Meech Lake agreement. The impression seems to be that in 1981 Quebec was "abandoned" by the other provinces. That is not true. It was René Lévesque who first abandoned the provincial position by unilaterally agreeing to a referendum on the Charter. As Mr. Trudeau announced at the time:

> . . . we have a new alliance between the Quebec government and the Canadian government. And the cat is among the pigeons.

Mr. Trudeau's announcement of a Quebec-Canada alliance may have been somewhat facetious, but it contained an important truth. Mr. Lévesque's agreement to the referendum confirmed that, for him, the essential issue was not constitutional reform but who spoke for Quebec. It became impossible to imagine that Mr. Lévesque would sign any document to which Mr. Trudeau agreed, and therefore a compromise that included Mr. Lévesque seemed inconceivable.

As officials hammered out the compromise document that very night, the choice was between no solution and a solution without Mr. Lévesque's signature. The next morning the *Ottawa Citizen*, still unaware that a compromise had been reached, described the situation as follows:

> With Premier Lévesque having quickly accepted the referendum proposal (because he thought he could win), the rest of the gang of eight were isolated from what Trudeau was calling a Quebec-Canada alliance. It later turned out that Lévesque wasn't so sure he liked the idea, because of its complexities, but the effect on the remaining seven is undiminished.

Then, still in quotation marks:

• (1630)

> They have these choices:
>
> They can reject the referendum proposal, thus giving Trudeau the licence to go to Westminster with strong evidence that the premiers are uncompromising, self-aggrandizing politicians who are not interested in the will of the people.
>
> Or they can break solidarity and find a consensus that leaves the hardliners, including Lévesque, out in the cold.
>
> Or they can accept the referendum proposal.

Far from ignoring Quebec, the nine other provincial premiers were faced with two powerful and intelligent personalities both claiming to represent Quebec aspirations, but in complete deadlock. When Mr. Lévesque accepted the challenge of a referendum, it seems to me, although many would not agree, that he played into Mr. Trudeau's hands. It seems to me that René Lévesque, for some reason, was outwitted by Mr. Trudeau and, for some reason, the other nine provinces have been feeling guilty about it ever since.

Where does that leave us with regard to Quebec's legitimate demands? Those demands will change from government to government. In the nature of events, they are more likely to grow than to shrink. Senator Beaudoin notes that Meech Lake is a:

> —prerequisite to future constitutional reforms. We are moving toward a more balanced Federalism, a true reflection of today's Canada. I suggest this Accord is a major step in the right direction.

So clearly, and I am sure no one will argue against it, Meech Lake is not the end. It is a "major step in the right direction."

Does that not mean that there is no point in bringing Meech Lake into force unless we are prepared to go further than Meech Lake? Meech Lake is the baseline for future moves to "a more balanced Federalism." We are paying the price of Meech to restore a constitutional balance, and yet we are clearly on notice that Meech is not in itself sufficient to restore that balance. It is just a step. So it is quite probable that all we get for Meech Lake is Meech Lake. We are entrenching all of the deficiencies of Meech Lake into the Constitution so that we can go further in the same direction.

Future constitutional negotiations will have to take into account that it is the constitutional role of the Government of Quebec, once Meech Lake is in place, to promote the distinctiveness of Quebec. To expect compromise would be unreasonable. Indeed, for Quebec to compromise might be unconstitutional if Meech Lake were in place. Still, what of Quebec's legitimate demands? I am not attacking Mr. Bourassa's five demands. I am suggesting that Meech Lake is a fatally flawed vehicle for addressing them, as I said two-and-a-half years ago. Now Meech Lake has become the minimum acceptable package, notwithstanding that it goes beyond the five original demands. We are told, however, that if Meech Lake is not passed in its present form it will be a rejection of Quebec. I do not understand that. I do not understand why saying that ten premiers and a Prime Minister got their drafting wrong should be a rejection of Quebec— that bad drafting equals a rejection of Quebec.

Mr. Bourassa says that we need Meech Lake for other constitutional reforms, specifically Senate reform and aboriginal rights. But Senate reform is surely a poor choice of example. Changes to the Senate will now require unanimous provincial consent, and Meech Lake itself is an example of how difficult that can be to obtain. During the patriation case in 1981 the federal government argued strongly that unilateral federal action was required because it was, demonstrably, impossible to get unanimous provincial consent to anything as controversial as an amending formula. Now we are reverting to the unanimity requirement for some of the most important and controversial aspects of our constitutional structure, and we are asked to accept that this will improve the chances of constitutional change.

So is it a cheap price? I think that Meech Lake could have a far greater impact on our Constitution than Senator Beaudoin suggests. I think we could be paying the price for Meech Lake for years to come. Too many of the crucial amendments either are ambiguous or appear to say something more than or different from what the supporters of Meech Lake suggest. The price is high, and I say it is irrevocable. What we get for Meech Lake is something in a plain wrapper with no sufficient idea of what is inside. We get the agreement of one Government of Quebec that it will return to the negotiating table, but a negotiating table for which the house rules have been significantly altered by Meech itself. What we get in return for Meech Lake is Meech Lake—the return for the price is the price itself. The demands will still be there and I have not answered them. However, if the deal is as it seems to me, at those prices it should be no deal. What we need is a new deal.

Some Hon. Senators: Hear, hear!

On motion of Senator Hicks, debate adjourned.

The Senate adjourned until Tuesday, October 3, 1989, at 2 p.m.

APPENDIX

(*See p. 474*)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-THIRD REPORT OF COMMITTEE

TUESDAY, September 26, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-THIRD REPORT

Your Committee recommends the following policy on Second Language Training for Senators and their spouses:

Policy Objective

The purpose of this policy is to ensure that the language training needs of Senators and their spouses are met.

Policy Statement

Senators and their spouses may be provided with second language training at Senate expense.

Administration

The Classification and Official Languages Officer for the Senate is responsible for arrangements relating to the provision of second language training. All inquiries and requests for language training must be referred to him.

Classification and Official Languages Officer, Room 500, Victoria Building, 995-0972.

Type of Courses Available

The following courses are available in French and English.

On site private courses are available to Senators. The course length, timetable and format are arranged to meet individual needs. In Ottawa these courses are provided by the House of Commons Language Training School. Outside of Ottawa these courses are provided primarily by the Public Service Commission if available. Should the PSC not have a professor available, the Classification and Official Languages Officer will select a private supplier in consultation with the Senator.

Group courses are available to Senators' spouses from the House of Commons Language Training School. Four (4) hours of lessons are provided per week. However,additional training hours may be provided upon request, especially when the House is in recess. Groups are formed based on the level of knowledge of the second language and the availability of participants. When insufficient participants exist to form a group, private courses may be given until a group can be formed.

Immersion Sessions

Immersion sessions are available to Senators and their spouses.

French immersions are offered at the House of Commons' Immersion Centre on the premises of the Royal Military College in Saint-Jean, Quebec.

Immersion sessions may last a weekend (Friday-Monday), one week (Monday-Friday), or longer than one week.

As a general rule, only Senators and their spouses may stay at the Royal Military College in Saint-Jean. Alternative lodging may also be arranged upon request. Costs of such lodgings and meals for participants in immersion sessions will be borne by the Senate.

If the Senators and their spouses choose accommodation other than that provided by the immersion centre in Saint-Jean or with a host family, expenses incurred for meals and other incidental expenses will be reimbursed by the Senate through the normal per diem allowance allowed while on travel status.

English immersion sessions will be arranged by the Classification and Official Languages Officer on request.

The expenses paid by the Senate for immersion courses shall be any reasonable expenses with detailed receipts.

Travel points will not be deducted for trips taken for purposes of taking immersion courses.

Other Language Training Courses

Senators and their spouses who want to learn, or perfect their knowledge of, the second official language through means other than those provided for above may be reimbursed costs incurred for such training provided the language program or activity is offered by a recognized teaching institution. Requests for such training must be submitted to the Classification and Official Languages Officer for approval.

Where the registration on language training might generate the need for special arrangements, the matter is to be referred to the Ad Hoc Committee on Official Languages Policy for its consideration.

Costs incurred for language training courses taken outside of Canada will not be reimbursed.

Respectfully submitted,

ROMÉO LEBLANC

Chairman

THE SENATE

Tuesday, October 3, 1989

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

Prayers.

[*Translation*]

INTERNATIONAL ASSEMBLY OF FRANCOPHONE PARLIAMENTARIANS

FIRST FRANCOPHONIE GAMES—REPORT ON PARTICIPATION OF CANADIAN SECTION

Hon. Maurice Simard: Honourable senators, I ask for leave to table the second report of the Canadian Section of the International Assembly of Francophone Parliamentarians which attended the first Francophonie Games in Morocco from July 8 to July 15, 1989.

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

Hon. Senators: Agreed.

Report tabled.

[*English*]

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

THIRTIETH ANNUAL MEETING HELD AT OTTAWA AND MONTEBELLO—REPORT OF CANADIAN SECTION TABLED

Hon. R. James Balfour: Honourable senators, with leave of the Senate, I request permission to table the report of the Canadian section of the Canada-United States Inter-Parliamentary Group which attended the thirtieth annual meeting of the group held in Ottawa and Montebello from June 1 to June 5, 1989.

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

Hon. Senators: Agreed.

Report tabled.

RADIO ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Finlay MacDonald, chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Tuesday, October, 3, 1989

The Standing Senate Committee on Transport and Communications has the honour to present its

THIRD REPORT

Your Committee, to which was referred the Bill C-6, An Act to amend the Radio Act and certain other Acts in consequence thereof, has, in obedience to the Order of Reference of Tuesday, June 27, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

FINLAY MACDONALD
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, for Senator Chaput-Rolland, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CUSTOMS TARIFF

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Sidney L. Buckwold, chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, October, 3, 1989

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill C-17, An Act to amend the Customs Tariff, has, in obedience to the Order of Reference of Wednesday, June 28, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

SIDNEY L. BUCKWOLD
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Bolduc, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

NORTH ATLANTIC TREATY ORGANIZATION

MEETING OF RESEARCH AND DEVELOPMENT SUBCOMMITTEE OF SCIENTIFIC AND TECHNICAL COMMITTEE—NOTICE OF INQUIRY

Hon. Earl A. Hastings: Honourable senators, I give notice that on Thursday next, October 5, 1989, I will call the attention of the Senate to a rather historic meeting by the Subcommittee on Research and Development of the Scientific and Technical Committee of the NATO North Atlantic Assembly and the Soviet Academy of Science and other agencies in the Soviet Union from September 3 to 9, 1989.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Lorna Marsden, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology have the power to sit at three-thirty o'clock in the afternoon tomorrow, Wednesday, 4th October, 1989, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

AGRICULTURE AND FORESTRY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Efstathios William Barootes: Honourable senators, I give notice that on Wednesday next, October 4, 1989, I will move:

> That the Standing Senate Committee on Agriculture and Forestry have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matter of bills and estimates as are referred to it.

QUESTION PERIOD

THE CONSTITUTION

MEECH LAKE ACCORD—FEDERAL-PROVINCIAL CONSULTATIONS—POSITION OF GOVERNMENTS OF NEWFOUNDLAND, MANITOBA AND NEW BRUNSWICK—MEECH LAKE ACCORD AS AGENDA ITEM AT FIRST MINISTERS' MEETING

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, would the Leader of the Government in the Senate tell us whether there is in place a program of consultations on the Meech Lake Accord to be held between the government and the provinces in the immediate future? Between now and the Christmas period, is there a program of consultations between officials of provinces and ministers?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, there is nothing special taking place in the way of consultations on the Meech Lake Accord. From time to time, however, I meet with ministers from provincial governments. Our officals, of course, are in constant touch. The next opportunity that will arise for a discussion among governments on that matter will be at the first ministers' conference here on November 9 and 10.

Senator MacEachen: I can conclude from the minister, therefore, that nothing special is proposed as a consequence of, for example, the Quebec election? I can conclude that it is life as usual.

If I may, by way of a follow-up, I will refer to a statement that I believe was made by the Premier of Newfoundland: namely, that, since his election, no one in the Government of Canada had been in touch with him about his difficulties with the Meech Lake Accord. No minister, not even the Prime Minister, has ever sought a discussion with him. Is that correct? If so, is that attitude to change?

Senator Murray: Honourable senators, our position is that the Legislature of Newfoundland has, in fact, ratified the Meech Lake Accord. From Premier Wells' public statements I am aware of his criticisms of the accord. In fairness, I think he will say that he expressed those views in private to Newfoundland's representative in the federal cabinet, the Honourable John Crosbie. Premier Wells, like others, will have an opportunity to express his views at the first ministers' conference on November 9 and 10.

The next steps in the Meech Lake process will come in New Brunswick and Manitoba, the two provinces that have not yet ratified the accord. The legislative committee of New Brunswick is due to report before the November first ministers' conference, I would expect. There is a hybrid committee in Manitoba, consisting of members of the legislature and representatives of the general public, which, if I am not mistaken, will also report some time before the November meeting of the first ministers. Naturally, we will be awaiting those reports with great interest, in particular to see what the respective or common agendas of the committees in those provinces may be.

Senator MacEachen: Honourable senators, the Leader of the Government has drawn attention to the fact that the Legislature of Newfoundland ratified the Meech Lake Accord prior to the last election. Presumably the minister is aware that Premier Wells has stated that unless certain changes are made he proposes to rescind the approval of the Newfoundland legislature, which is entirely open to him under the Constitution of Canada.

Senator Flynn: Open to the legislature, not to him.

Senator MacEachen: I ask the Leader of the Government whether or not he thinks this is an important element that should cause him to enter into discussions with the Premier of Newfoundland.

I cannot understand this distant attitude. Surely it would be appropriate for the Government of Canada to begin immediately to rehearse the situation and discuss it with the Premier of Newfoundland.

Senator Balfour: You mean renegotiate?

Senator MacEachen: At least understand what he has in mind.

Senator Frith: Make an offer. Not a bad suggestion.

Senator MacEachen: I ask the Leader of the Government whether he has the intention of consulting with the Premier of Newfoundland in light of his publicly declared intention of proposing to the legislature that the agreement be rescinded.

Senator Murray: Honourable senators, I am not sure that the Premier of Newfoundland has been as precise in his objections to the accord as the Leader of the Opposition would suggest. What I am saying is that he is opposed to it—period. It would be an unfortunate precedent if the Government of Newfoundland, using its majority in the legislature, rescinded the ratification.

● (1410)

In any case, I think it is the first duty of the government to devote itself to those provinces that have not yet ratified the accord; that is to say, the provinces of Manitoba and New Brunswick. We shall then see what problems, if any, exist with regard to Newfoundland. Premier Wells has said quite recently, as reported in the media, that he does not plan any precipitate action on this matter.

Senator MacEachen: Honourable senators, now that the priority must be given to the provinces that have not yet ratified the accord, can the minister tell us exactly what is going on between him and Premier Filmon, for example? Have there been meetings? Has an effort been made to reach a meeting of minds, or is that to wait until after the hybrid committee reports? I thought it was "hybrid" because there were other parties involved, but I know that the Leader of the Government had another thought in mind.

Senator Murray: I have had several meetings with Premier Filmon since his election, and the Prime Minister has met with the premier on several occasions. I and some of my other colleagues have met various ministers from Manitoba. In fact, members of the government caucus here, including several honourable senators, I am happy to say, have appeared before the committee in Manitoba in support of the Meech Lake Accord. However, at the moment we are awaiting the report of the committee and the discussions that will no doubt take place at the first ministers' conference in November before deciding on any future steps.

Senator MacEachen: I take it then that, until the first ministers' conference in November, nothing is really happening. It is a totally routine attitude on the part of the government. However, I understood that the November conference was to deal with the economy. Can the Leader of the Government tell me whether there is now an agenda item specifically dedicated to the discussion of the Meech Lake Accord?

[Senator MacEachen.]

Senator Murray: Honourable senators, discussions are now taking place between federal and provincial officials as to the agenda for the November first ministers' meeting. The Senate will be aware that for our part we would, of course, like to discuss such matters as sustainable development and education. The provinces have their own agenda, which they discussed at the premiers' meeting in Quebec City in August. We are trying to put together an agenda, and we are quite certain that at some point in the discussions Meech Lake will be raised and there will be a thorough airing of views on that matter.

Senator MacEachen: Has there been any proposal from the provinces that there be a specific item on the agenda entitled "The Meech Lake Accord"?

Senator Murray: Honourable senators, I am not aware of such a proposal. The suggestion that came out of the premiers' meeting in August—and even here, I am not sure there was a consensus on the matter—was that Premier Bourassa, who was this year's chairman of the premiers, should raise with Prime Minister Mulroney the prospect of a special meeting on Meech Lake to take place prior to November. However, Prime Minister Mulroney did not see fit to convene such a meeting, in good part because we are still waiting for the reports of the committees in Manitoba and New Brunswick.

Senator MacEachen: It interests me to hear the minister refer repeatedly to the reports from the two provinces. Is that simply because the government would like to see those reports completed, or is the government expecting that the reports might be positive, in support of Meech Lake, or negative? What is the strategy? What happens when the reports are in? What new illumination has the government received? It looks to me like a big stall—nothing else!

Senator Murray: Honourable senators, my friend can infer what he likes from the process. The fact of the matter is that the legislatures in these two provinces attach some importance to this process. In the case of New Brunswick, a legislative committee has under study a resolution for a constitutional amendment. That is not to say that its report will necessarily be adopted by the government.

Senator Frith: Or the legislature, of course.

Senator Murray: We will have the report of the legislative committee before the middle of November, we think. It will then be up to Premier McKenna and his colleagues in the government to decide whether they wish to make that report the government's position.

The same holds true in Manitoba. As a matter of fact, in Manitoba there is another step in the process before a constitutional amendment can be ratified by their legislature. Their rules require that there be a legislative committee. The committee that is now meeting is, as I suggested, a hybrid in the sense that it is made up partly of legislators and partly of citizens of Manitoba from outside the legislature.

So the short answer to the honourable senator's question is that we are waiting for the reports to see what recommendations they contain, and, equally important, to see what positions the McKenna government in New Brunswick and the

Filmon government in Manitoba take with regard to those reports. In the case of Manitoba, we also want to see what position the other party leaders take.

Senator MacEachen: I thank the Leader of the Government for his explanations. I have concluded that in this situation the government is at a standstill: it has no strategy and is simply adopting a wait-and-see attitude.

[*Translation*]

MEECH LAKE ACCORD—1990 ENTRENCHMENT DEADLINE—POSITION OF GOVERNMENT

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. I suppose it could be considered as a supplementary to the question already put by the Leader of the Opposition. Coincidentally, I had already prepared a number of questions regarding the Meech Lake Constitutional Accord.

I would like to ask the Leader of the Government in the Senate if the government still wishes to see this Accord entrenched in June 1990.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that is the deadline provided under the amending formula adopted in 1982.

MEECH LAKE ACCORD—IMPACT OF STATEMENTS OF PRIME MINISTER AND PREMIER OF QUEBEC

Hon. L. Norbert Thériault: Honourable senators, I am speaking as a francophone New Brunswicker with 25 years of intensive experience of public life in my province. Could the Leader of the Government in the Senate simply ask the Prime Minister of Canada and the Premier of Quebec—if they truly want the Meech Lake Accord to be adopted—to have the common sense to keep quiet in public and stop scaring people with their threats?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I would like to draw the attention of Senator Thériault to some very interesting statements made by spokespersons for the Acadian community in his province, to the effect that Meech Lake should be approved as soon as possible and that his province's Bill 88 should also be enshrined in the Canadian Constitution.

I want to take this opportunity to give the honourable senator and other New Brunswickers the assurance that the federal government is prepared to proceed with entrenchment of the principles of Bill 88 on New Brunswick's language communities in the Canadian Constitution.

Senator Thériault must realize that this initiative would only require the consent of the Parliament of Canada and the New Brunswick legislature.

MEECH LAKE ACCORD—REACTION OF PEOPLE OF NEW BRUNSWICK

Hon. L. Norbert Thériault: Honourable senators, the Leader of the Government in the Senate may lecture me if he so chooses. I am well aware of the situation he has just described. I may remind him that in New Brunswick, like anywhere else, the SANB does not speak for all Acadians in New Brunswick. New Brunswick has an elected government, with 20 or 30 Acadians representing the will of their constituents.

I simply want to say this: Let him go to New Brunswick today and he will see for himself. Never in all my experience of political life in New Brunswick have I ever seen New Brunswick anglophones and francophones so obsessed by our country's Constitution. What is happening today is worse, in my humble opinion, than what happened when we had René Lévesque from 1970 to 1976.

I think Canadians want Quebec to be part of the Canadian Constitution. The problems we are faced with today can be blamed on the rhetoric and threats of the Premier of Quebec and the Prime Minister of Canada. We must work together with all elected representatives of all the provinces and stop these statements which are an attempt to scare Canadians. That is not the way to win.

• (1420)

[*English*]

DRUG TRAFFICKING

MONEY LAUNDERING THROUGH CANADIAN BANKS—GOVERNMENT ACTION—ENFORCEMENT PROCEDURE

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government in the Senate if the government intends to take any additional action—I think they have taken some—to deal with the claim by the FBI and the RCMP that there are hundreds of millions of dollars of drug money being laundered through Canadian banks.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not know that I can be very helpful to the honourable senator on that matter, but I am advised by my colleague, the Minister of Finance, that a currency transaction reporting system, as has been suggested in this context for this country, was considered at the time of Bill C-61, dealing with money laundering and proceeds of crime. It was decided not to proceed with such a system at that time because the benefits to be obtained from such a measure were not clear, especially in view of the costs of setting up the machinery necessary to monitor such a system and also because of the privacy costs to individuals. However, Mr. Wilson states that we will be looking at the matter again, particularly in the context of the deliberation of the Financial Action Task Force established by the Paris economic summit in July.

Senator Olson: I have received a number of inquiries about this that I would like to be able to answer. The question is whether or not the government intends to make this kind of activity an offence under either the Criminal Code or the Bank Act. I was aware of the Minister of Finance's statement. It seems to me that it is simply being left to the banks to decide what kind of action they are going to take to deal with the

proceeds of criminal action. I wonder whether the government intends to make this kind of activity an offence in Canada.

Senator Murray: Honourable senators, the laws of Canada do make money laundering a crime. We have implemented legislation to freeze assets and have them forfeited when there is a conviction for money laundering. We have concluded a series of mutual legal assistance treaties, including one with the U.S., that form a framework of the key elements and ensure close cooperation between our law enforcement authorities. These treaties allow the seizure of drugs and, more specifically, the proceeds from their sale.

We are ready to ratify the treaty that we signed with the United States in 1985. We are awaiting U.S. Senate approval for its ratification.

Senator Olson: Honourable senators, I think the answer has some validity, but it seems to me that what we are talking about is an accommodation for Canadian banks. It also seems to me that there is something wrong with our enforcement procedures. I know that if someone is caught dealing in drugs not only will the drugs be confiscated but the money, vehicles and other proceeds involved will also be confiscated. However, I am not talking about that process of enforcement; I am talking about the simple process of enforcement that comes with a banking transaction that is, in fact, monitored. For example, in the United States any deposit or withdrawal over $10,000 must be reported; but in Canada we do not have that kind of enforcement. Two highly respected law enforcement agencies—namely, the RCMP and the FBI—have reported that there are hundreds of millions of dollars being laundered through Canadian banks annually simply because there is no enforcement procedure. That is my point.

Senator Murray: I quite understand the honourable senator's point, and I dealt with it in my reply to his first question.

Senator Olson: That means that the government is still considering whether it should change the enforcement procedures. Will the government allow this criminal activity to continue? There are many people in this country who have been hurt because the government is not taking appropriate action.

Senator Murray: The honourable senator is referring to the possibility of Canada's having a currency transaction reporting system. We do not have one.

Senator Olson: That is right.

Senator Murray: In the United States every deposit or withdrawal over $10,000, or whatever the correct amount is, must be reported. As I have stated, the minister, Mr. Wilson, has undertaken to look into the matter again, particularly in light of the deliberations of the Financial Action Task Force that was set up at the Economic Summit held in Paris last summer.

Senator Olson: There have been reports of drugs being found in Canada. Indeed, there was the incident in New Brunswick which we know of. There have been several other incidents. Is that not an indication to the government that there is a serious problem of lack of enforcement with respect to what could be classified as a criminal act? Is it the intention of the government at this time to take no further action in regard to this matter?

Senator Murray: Honourable senators, I would suggest that the honourable senator take an early opportunity to debate this matter. I have information from various departments and agencies of government which I will not take the time of the Senate to put on the record today. That information deals with the cooperative efforts we make with the United States and other governments to combat money laundering. Examples of particular cases have been given here, and there is the matter of the mutual legal assistance treaties, and so forth.

So there is a good deal of information which the honourable senator can have if he wants to debate this matter, but I do suggest that Oral Question Period is not the time to go into that kind of detail.

Senator Olson: Honourable senators, this will be my final—well, one should never say that his next question will be the final supplementary, but I believe I should mention to the Leader of the Government in the Senate that apparently whatever the government has done has been ineffective, because, according to those two law enforcement agencies I referred to a minute ago, there are still hundreds of millions of dollars being laundered through Canadian banks. Surely the government is going to take some responsibility, because I can tell him without reservation that the people of Canada expect the federal government to take action and to amend statutes, or whatever else is necessary, to get this kind of activity stopped, whether the banks find it to be an inconvenience or not. That is what the people expect of the Government of Canada.

• (1430)

Senator Murray: Honourable senators, I can assure my friend that the Government of Canada, the Department of Finance, the Minister of Justice and the various law enforcement agencies are indeed carrying out their responsibilities, as always, very vigorously and very effectively. Is there still a problem with trafficking in drugs? Of course there is. The honourable senator has accepted, and adopted as his own, comments that were contained in reports or statements made, in some cases, by politicians in another country. Since the writing of some of those reports Parliament has passed Bill C-61, making money laundering a crime. So to some extent the honourable senator's statements have been overtaken by events.

Again, if he does not want to put a notice of inquiry on the order paper and launch a debate on the matter, he can put some questions on the order paper and I will undertake to get reports as soon as possible from my colleagues, the Minister of Justice, the Solicitor General and/or the Minister of Finance.

Hon. Peter A. Stollery: Honourable senators, further to the question of money laundering, I should like to ask the Leader of the Government a supplementary. Having seen these headlines in the newspapers about Canadian banks being an impor-

tant source of drug money laundering to drug dealers, when I read the article I was left with the impression that this was said in a very general way. I should like to know if the government has any specific information as to what bank or banks are laundering money. Is this really happening, or is this just something that some police agency says is happening, without offering any evidence? Is there any actual evidence?

Senator Murray: Well, honourable senators, that is certainly the kind of question I would want to refer to my colleagues, either the Solicitor General or the Minister of Justice. I would want to refer that to the appropriate minister for a prepared reply.

Senator Stollery: I would be very thankful if the Leader of the Government undertook to do that. The only Canadian bank that has had a total branch system in Colombia, for example, is the Royal Bank of Canada. Is there not, therefore, an indirect inference to be drawn from the statements that have appeared on the front page of the *New York Times* about Canadian banks? There is a limited number of Canadian banks.

Does the Leader of the Government not think that the government has a responsibility to clarify this matter? It seems to me that, left the way it is, as Senator Olson has suggested, if these charges are true, whatever laws we have are ineffective; and, if they are not true, or if there is no actual evidence, do you not think that the Canadian public should know that?

Senator Murray: Honourable senators, the kind of irresponsible conjecturing that I have just heard from the honourable senator leads me to conclude that some clearing of the air is certainly necessary.

Senator Stollery: The RCMP has associated itself with a report, that seems to have originated from the FBI, that Canada is a major source of drug money laundering and that hundreds of millions of dollars have been going through Canadian banks. If there are facts to support that allegation, the Canadian public has a right to know them. If there are no facts, then I do not think the RCMP should be associating itself with a report that implicates—how many chartered banks are there in Canada?—a very limited number of chartered banks.

Senator Murray: But the honourable senator has helped us by pointing out the one which he thinks is guilty.

Senator Stollery: I did not say any such thing, honourable senators. I said, and anyone who knows anything about this knows this, that the Royal Bank was the only Canadian bank with a total branch system there, and it sold its Colombian branches only a year ago. When the president of the Canadian Bankers' Association was asked why by a committee that was looking into free trade and its application to financial institutions, he said that it had nothing to do with drug money laundering. Now the subject has been brought up by the RCMP and is front page news in the *New York Times*, and I think that the government has a responsibility to give us some facts about what is actually happening.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—APPOINTMENTS TO FILL VACANCIES

Hon. Robert Muir: To remove ourselves from the weighty matters of fishing in Meech Lake and laundering money—and I am not being facetious, because they are most important—I have in my hand the annual report of the Cape Breton Development Corporation. I should like to direct a question to the Leader of the Government in this place. According to the report, the board of directors consists of John E. Terry, Michael J. Cochrane, John Bardswich, and Ernest A. Boutilier, who is also president of the corporation; then it says Teresa MacNeil, term expired December 31, 1988; George W. MacDonald, term expired December 31, 1988; and John F. Burke, term expired February 28, 1989.

May I ask the honourable senator if he can advise me how soon the vacancies on the board of directors will be filled? Also, does he think it is a good idea for 50 per cent of the directors on the board of this corporation not to be there when the board is dealing with heavy matters such as the lives of all the workers and the future of coal mining in Cape Breton? He is very familiar with the situation. His birthplace was New Waterford, which is a stone's throw from Glace Bay where the headquarters of the Cape Breton Development Corporation are located. Can he advise us how soon the new directors will be appointed? He is a member of the cabinet, and I am sure this matter must have come up on many occasions there, or is it not important enough to be brought before cabinet or a cabinet committee?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, of course appointments to the board of that crown corporation would come before cabinet, but I would have to ask my colleague, Mr. Andre, the minister to whom the Cape Breton Development Corporation reports, for a report on the matter my honourable friend has raised. I seem to recall that a province has the right to appoint members, and I am not sure whether those vacancies are from among our appointees or theirs, but perhaps my memory is failing me on that matter.

• (1440)

Senator Muir: As a supplementary, honourable senators, there are two members of the board to be selected by the provincial government. That government has one yet to appoint. Of course, that is done in conjunction with Ottawa—let's face it.

What worries me is the same thing that worries that cabinet minister from Nova Scotia: some of the bureaucrats in Ottawa, to use his immortal words, "do not know a coal mine from a hole in the ground." I am a little worried that they are going to have too much to say about the operation of the Cape Breton Development Corporation. To my limited knowledge, the role of boards of directors—and I am looking at many in this chamber who serve on such boards—is to decide policy and to direct those who are the officers of a corporation to carry out what is in the best interests of the corporation. Those

interests, to my mind, include the future employment of the 3,300 employees, their wives and their families.

When 50 per cent of the directors are no longer there—and I suppose the leader will not answer this question—isn't that a hell of a way to run a corporation?

Senator Frith: It's a hell of a way to run a hole in the ground!

Senator Murray: The honourable senator has read out the names of those who continue to serve on the board of directors of the Cape Breton Development Corporation, and they are competent and devoted people, indeed. I agree with him that, if there are three vacancies, the three vacancies should be filled with all due dispatch. As I have said, I will ask my colleague, Mr. Andre, for a report on that matter. At the same time I will convey to Mr. Andre Senator Muir's representations on the matter.

Senator Muir: I would be pleased should the honourable gentleman relay my feelings and thoughts to Mr. Andre. By all means, do so. But it would not be a bad idea to contact a fellow by the name of Tom Hockin, who is in charge of the Cape Breton Development Corporation, according to the report.

Senator Murray: Mr. Hockin is a junior minister attached to Mr. Andre.

Senator Muir: That is right. He is the junior minister, but the report is submitted to him and I should think that both of them would be involved.

I do not agree with everything the honourable Leader of the Government has said. It is true that the people who serve on that board at the moment are fine people, but we need additional, extremely capable, fine people on that board so that some of those who do not know a coal mine from a hole in the ground will not be designating policy. Perhaps we will find out what is going to happen with respect to the Lingan Mine and a few other matters. There are those in prominent positions in the corporation who are not too pleased that the government has not seen fit to fill the membership of the board.

This is not something new. This happened under the previous administration, just as it has under this one. There is no difference whatsoever. I hope the minister will have an answer within a few days. This is not a big problem.

Honourable senators, someone from the Liberal side of the chamber—and I see that it was a senator from British Columbia—has just tossed something to this side, along with the remark that there are not enough Tories. That is not the point. To my mind, this government appoints NDP faithfuls just as it appoints Grits and Conservative faithfuls. Perhaps the honourable senator has not read the list recently.

Nevertheless, that is not the point. I want this corporation to be treated fairly. Honourable senators, we have a future in Cape Breton. I am expressing the feelings of the business community, of the unions, of municipal leaders and of church people—I am expressing the feelings of all of them down there. The Leader of the Government reads the papers the same as I do. He knows what I am driving at. He knows what I am talking about. I do hope that an answer will be forthcoming shortly.

Senator Murray: Yes, honourable senators, I have read the newspapers. I see, with regard to the Lingan Mine and its future, that it has been the subject of quite intensive discussions within recent days between Mr. Hockin and Premier Buchanan. I am sure that the honourable senator was pleased, as I was, to note that the governments are discussing this matter quite actively.

As to the board of directors, I will, as I undertook to do, speak to Mr. Andre and Mr. Hockin and I will get a report for the honourable senator as soon as possible.

PEOPLE'S REPUBLIC OF CHINA

COMMERCIAL CONTRACTS ON AID PROJECTS—GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Honourable senators, after the adjournment of Parliament last spring the Government of Canada announced financial support for a commercial contract with a project in the People's Republic of China. This has led to some confusion in public opinion in Canada. Is the government considering commercial contracts or aid projects with the People's Republic of China? If so, could the Leader of the Government in the Senate give us some indication of what are the contours of the government's policy with respect to China on these matters?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I can inform my friend that all new projects being considered for support under the Export Development Corporation line of credit, for example, are assessed against three criteria: first, that they are preserving existing links; second, that they support people-to-people exchanges; and, third, that they avoid measures that support or lend prestige to the Chinese military and state propoganda apparatus. These three criteria were outlined in a policy statement made by Mr. Clark on June 30 last.

Senator Grafstein: Is the government considering further projects? If so, could the government leader outline what those projects are so that we can see whether they conform to the government's policies?

Senator Murray: Honourable senators, I would have to take that question as notice, reflect on it and see what information could properly be made public about proposals that might still be under consideration by the government or one of its agencies.

THE ENVIRONMENT

OIL SPILLS IN CANADIAN WATERS—UPGRADING OF TRAFFIC MANAGEMENT EQUIPMENT AND CAPACITY TO DEAL WITH OIL SPILLS—GOVERNMENT ACTION

Hon. Colin Kenny: Honourable senators, I have some questions regarding the interim report of the Public Review Panel on Tanker Safety and Marine Spills Response Capability, or, as it is more commonly known, the Oil Spills Review Panel.

Last April, five days after the tragic oil spill from the *Exxon Valdez*, I asked the Leader of the Government what was our capacity for preventing a similar spill in Canadian waters. In the delayed response tabled a month later the government stated that our capacity for prevention using "high level traffic management systems . . . is among the most extensive in the world and has been put in place specifically to reduce the large risk of collision, grounding and striking accidents."

The interim report of the Tanker Safety and Marine Spills Response Capability Review Panel, released today, noted that vessel traffic services staff work without the benefit of the best technology and equipment and stated that the panel believes that some immediate—and I emphasize the word "immediate"—changes in procedures, upgrading of equipment and extension in VTS coverage would contribute significantly to improved tanker traffic safety in Canadian waters.

Given the urgency of the problem, what does the government intend to do? Will the government at least undertake to follow the recommendations, or the interim recommendations, of the review panel and begin upgrading traffic management equipment immediately?

● (1450)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the interim report of the task force will be given careful consideration by the government. I will inquire of my colleague, Mr. Lucien Bouchard, whether he wishes to make any response on the matter at this time.

Senator Kenny: Honourable senators, I have a further question. If prevention fails, the next most important step is clean up. In the same delayed response I referred to in my previous question the government assured us that "the Canadian Coast Guard maintains depots of equipment at 50 locations across Canada. The current inventory is worth approximately $35 million and the equipment can be moved from one area to another as required."

In their report the panel members underlined our lack of ability to clean up spills. They noted that NEELS, the National Emergency Equipment Locator System, a central computerized listing of this equipment, is now out of date and inactive. Furthermore, the panel is concerned about the capabilities, maintenance, readiness and accessibility of the equipment held by industry and the government. What is the government planning to do to remedy the situation? Will the government at least reactivate the broken down NEELS system?

Senator Murray: Honourable senators, I would give the same reply to that question as I gave to my friend's first question on this matter.

AGRICULTURE

GRAINS—CANADA-UNITED STATES POLICY CONSULTATIONS—REMOVAL OF INTEREST-FREE CASH ADVANCES

Hon. Hazen Argue: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate based on what I believe to be a major change in the grain situation in the world, namely, that wheat stocks are the lowest they have been for many, many years.

Has there been any recent consultation between the Minister for International Trade or the Minister of State (Grains and Oilseeds) with the authorities in the United States in an endeavour to have a fresh look at policies on both sides to see what, if anything, might be done to take advantage of a situation that, without some of the artificial moves that are being made, will result in an increase in the world price? The carryover on the North American continent is the lowest in 10 or 15 years—probably since 1974—and the ingredients are there if action is either taken or discontinued, particularly in the United States—and I can spell it out.

Nevertheless, in view of the low stocks of wheat in the world, are any consultations going on with the United States to see whether some programs might be changed to allow the market forces to work and the price of grain to go up?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is an old problem. There have been meetings in quite recent weeks between Mr. Crosbie and his United States counterpart, Carla Hills. There are also not infrequent discussions between the Minister of Agriculture, Mr. Mazankowski, and Mr. Yeutter. I will ask those Canadian ministers whether there is anything they can report concerning the matter raised by Senator Argue at this time.

Senator Argue: Honourable senators, I appreciate the minister's reply, but I have some specific points to suggest.

Have any representations been made to the United States with regard to their recent move to increase the acreage seeded to wheat in the United States while at the same time maintaining their export enhancement program? Perhaps you could add that to your representations to the Canadian ministers.

Further, what was the motivation behind this federal government's initiative in bringing in legislation to remove the interest-free cash advances that were brought about by a Conservative government many years ago on farm-stored grain, while at the same time the United States is maintaining its 8 per cent interest policy on loans for grain that is stored, and when United States farmers use U.S. DA certificates to retire their interest-free loans.

My question is: Why would the Canadian government take away from the Canadian farmer what is almost a historic right, or a right for a generation, of interest-free cash advances

while the Americans go merrily on maintaining their program of low-interest rate loans, or when certain action is taken with regard to repayment of interest-free loans?

Senator Murray: Honourable senators, these various agricultural programs are the subject of discussions not only on a bilateral basis between our two countries but also in such forums as the GATT and the CAIRNS group, the Economic Summit, and so on. I will add those comments by the honourable senator to those he made in his previous questions and see what my colleagues, Mr. Crosbie and Mr. Mazankowski, can report at this time.

Senator Argue: More specifically on that point, if the answer seems to be that something in GATT is directed against our interest-free cash advances, why would the GATT not level the same kind of criticism or direction against what is, in many instances, interest-free loans on farm-stored grain in the United States?

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Nathan Nurgitz: Honourable senators, I have four delayed answers to questions by the Honourable Senators Bonnell, Stewart, Haidasz, MacEachen and Olson. Some of the answers are not lengthy; some are. I suggest that all of them be taken as read, and if supplementary questions arise out of them perhaps they can be asked on a subsequent day.

Hon. Royce Frith (Deputy Leader of the Opposition): Unless any senator present wants one read, why not?

Senator Nurgitz: Thank you.

FISHERIES

PRINCE EDWARD ISLAND TUNA FISHERMEN—STATUS OF LICENCES—GOVERNMENT ACTION—ENVIRONS OF CANSO—LICENSING OF TUNA FISHERMEN

Hon. Nathan Nurgitz: Honourable senators, I have a delayed answer in response to questions asked in the Senate on September 26 last by the Honourable Senators Bonnell and Stewart respecting Fisheries—Prince Edward Island Tuna Fishermen—Status of Licences—Government Action.

(*The answer follows:*)

Response to the Hon. M. Lorne Bonnell:

Some fishermen may have already reached their limit. The general rule for fishermen fishing outside their region this year is 35t. Tuna licences held by P.E.I. or Gulf Shore Nova Scotia fishermen for 4Wd were valid until this 35t limit was reached by each group outside the Gulf region. These fishermen can continue to fish, but they must be in waters within the Gulf Region.

Response to the Hon. John B. Stewart:

The same limitation applies to the fishermen from the Gulf Shore Nova Scotia because they have also reached landings of 35t outside the Gulf Region, as have P.E.I. fishermen.

[Senator Argue.]

The licensing figures are as follows:

	Number of licences
Prince Edward Island	362
Newfoundland	23
New Brunswick	117
Quebec	55
Gulf of Nova Scotia	135
Southwest Nova Scotia	31
	723

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—GOVERNMENT ACTION

Hon. Nathan Nurgitz: Honourable senators, I have a delayed answer in response to a question asked in the Senate on September 26 last by the Honourable Senator Olson respecting Agriculture—Western Canada—Drought Relief Program—Government Action.

(*The answer follows:*)

It is not the intention of the federal government to establish another ad hoc program to cover poor growing conditions that may have occurred in 1989 or to cover drought that may have been experienced in earlier years. The Canadian Crop Drought Assistance Program was designed specifically to respond to losses caused by the 1988 drought. It was the severity and extent of the drought in this particular year that prompted the establishment of this program.

This government is very much aware that other droughts, such as the drought experienced this year in parts of Western Canada or droughts in years prior to 1988, have been much more local in effect and is monitoring crop conditions and farm income situations carefully.

The federal government's preferred vehicle for providing financial protection to producers who have suffered crop losses as a result of natural disasters is the Crop Insurance Program. The need for improvements to this program has been recognized. All provinces, including Alberta and Saskatchewan, also expressed interest in improving the crop insurance program to provide adequate protection for disaster situations and to eliminate the need for ad hoc assistance programs.

The federal-provincial crop insurance review currently under way has a mandate to explore options for enhancing the program to ensure effective and predictable protection for producers in disaster years. Federal and provincial governments are close to an agreement on a number of changes.

POLAND

ECONOMIC AID—GOVERNMENT ACTION—POSTPONEMENT OF INTEREST PAYMENTS ON DEBT TO CANADA

Hon. Nathan Nurgitz: Honourable senators, I have a delayed answer in response to a question asked in the Senate

on September 26 last by the Honourable Senator Haidasz respecting Poland—Economic Aid—Government Action—Postponement of Interest Payments on Debt to Canada.

(*The answer follows:*)

The rescheduling of debt to official creditors is undertaken under the multilateral framework of the Paris Club which takes its decisions on the basis of consensus. Canada is prepared to support a generous rescheduling of Poland's debts, and we will be considering Poland's request, when it is received, in that spirit. I understand that the honourable senator has written to the Secretary of State for External Affairs on this and other points concerning Poland, and I am advised that the SSEA will be replying shortly.

[*Translation*]

INTERNATIONAL CENTRE FOR HUMAN RIGHTS AND DEMOCRATIC DEVELOPMENT

REQUEST FOR STATUS REPORT

Hon. Nathan Nurgitz (Deputy Leader of the Government): Honourable senators, I have a delayed answer to the question Hon. Senator MacEachen raised on September 26 concerning the International Centre for Human Rights and Democratic Development.

(*The answer follows:*)

Parliament passed the Bill creating the International Centre for Human Rights and Democratic Development in September 1988.

In creating this centre, the Government of Canada showed the importance it attaches to human rights.

Appointments to the board of directors, including the president and the chairman of the centre, will be made in due course.

The Centre will be located in Montreal; the exact location will be chosen by the board.

[*English*]

ANSWERS TO ORDER PAPER QUESTIONS

Please see appendix, p. 512 et seq., for the following:

Question No. 2 by the Honourable Senator Marshall.

Question No. 3 by the Honourable Senator Marshall.

Question No. 7 by the Honourable Senator Marshall.

Question No. 14 by the Honourable Senator Molgat.

Question No. 17 by the Honourable Senator Marshall.

Question No. 18 by the Honourable Senator Molgat.

[*Later*]

CANADA-NEWFOUNDLAND ECONOMIC AND REGIONAL DEVELOPMENT AGREEMENTS

PROJECTS

Leave having been given to revert to Question Period:

Hon. Nathan Nurgitz: Honourable senators, I wish to table the reply to Question No. 2 on the Order Paper standing in the name of the Honourable Senator Marshall respecting Canada-Newfoundland Economic and Regional Development Agreements. I would ask that, since this response is, as you can see, lengthy and only of particular interest to Senator Marshall, it not be printed in today's proceedings but that the documents be given to Senator Marshall to be dealt with as he wishes. I suppose, if some other honourable senator were interested, the information could be obtained from him. I do not know how we can better deal with the problem, having regard to the length and detail of the documents.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, off the cuff, I cannot say for certain whether we can table such documents without printing them, but I think we can. It seems to me that that procedure is the best one to follow, because we want to make the information accessible to other senators but with the understanding that Senator Marshall will be able to take it from the Table. I do not know whether that is the answer. I think that we should consider whether we want to establish the precedent of having a report simply given to a senator and bypassing the Table in the course of doing so.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, our friend, Senator Marshall, asked for the information by way of a written question. We are taking upon ourselves to change his request, it seems, to a request for production of documents, which we are now tabling.

Senator Frith: Right, and they will be produced by the Table.

Senator Murray: We are hoping that he will agree to this procedure.

Senator Frith: You are quite right in that if you are producing them you are, in effect, tabling them. You are producing the information to the Senate as a document rather than as a transcript, and I think that is quite satisfactory.

• (1510)

Hon. Eymard G. Corbin: Well, honourable senators, perhaps we should wait for Senator Marshall to give us his opinion. He must have had a reason for requesting the documents in the way he did. I certainly would resent the, shall I call it, ways and means of my asking a question being transformed in my absence. It could well be that he had no particular reason and that the arrangement being suggested is entirely satisfactory to him. However, this is a public document. Surely he could have obtained the same information by straightforward correspondence with the department. By doing it in this way he must have wanted not only the questions but also the answers to become part of the record and public information.

Perhaps these comments I make are without any object whatsoever, but it seems to me that we ought to ask Senator Marshall what he feels.

Senator Nurgitz: Honourable senators, I think that is perfectly satisfactory. We will table the documents and in the meantime raise the matter with Senator Marshall. If that proves unsatisfactory, we will find another solution to the problem.

Senator Corbin: That is agreeable.

Senator Frith: Could we also have an opinion from the Speaker, who could take advice from the Table as to—

Senator Flynn: We could always dispense.

Senator Frith: Yes, we could. Just hold on a second. All I am looking for is an opinion on this. I am not trying to block anything or in any way make things difficult. However, since we are going to put it off anyway, we might have an opinion from the Table, through the Speaker, about this question so that we can establish a precedent which we might want to follow in the future.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Charles McElman: Before it is settled, it is perfectly clear, honourable senators, that this is a situation in which the government, in answering, can state quite properly that this should not have been accepted as a normal question but as a request for the tabling of documents, and the rules as to how that situation should be handled are very clear. I think it is quite appropriate that the government at this stage should ask that it be converted from a question to a request for the tabling of documents. On the face of it, the question that has been put falls within the latter category. It calls for voluminous documents, and under our rules it is not proper to put it as an order paper question.

Senator Murray: I do not want to prolong this unduly, but I see that there are quite a few other questions of the same kind. Most of these questions could not be answered without quite voluminous documentation. So perhaps we should take these under advisement and consult with the senator himself on how we are going to deal with them.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

TOBACCO RESTRAINT ACT
TOBACCO PRODUCTS CONTROL ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Robichaud, P.C., for the second reading of the Bill S-6, An Act to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act.—(*Honourable Senator Doody*).

[Senator Corbin.]

Hon. Nathan Nurgitz: Honourable senators, that order will stand, but Senator Doody would like it known that if anyone wishes to speak on this order he would certainly allow that person to do so.

Order stands.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-THIRD REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-third report of the Standing Committee on Internal Economy, Budgets and Administration (policy on second language training for senators and their spouses), presented on Tuesday, September 26, 1989.

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of the report.

Motion agreed to and report adopted.

• (1520)

TERRORISM AND PUBLIC SAFETY

CONSIDERATION OF SECOND REPORT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the second report of the Special Committee of the Senate on Terrorism and Public Safety, tabled on Wednesday, June 28, 1989.

Hon. William M. Kelly: Honourable senators, I want to take just a few moments to summarize what I found to be some of the major conclusions or observations of the second Special Committee of the Senate on Terrorism and Public Safety as set out in this report.

Incidentally, I notice that it says "Second and Final Report". I do not think there is any guarantee that it is the final report, but it is certainly the second report.

Honourable senators might recall that one of the principal reasons for setting up the committee was the April 7 bus hijacking that ended on Parliament Hill. Although that incident was brought to a relatively swift and bloodless conclusion by the RCMP and the other police forces and government agencies involved, the incident also suggested that some of the problems identified by the first committee on terrorism may persist, such as the extent of cooperation between RCMP and other police forces, in this case particularly the Sûreté du Québec.

At the risk of seeming to be facetious and simplistic, may I say that at the end of its review the committee found a "good news and bad news" situation. The good news is that substantial progress has been made since the first committee tabled its report in 1987. Working relationships between the RCMP and CSIS have improved remarkably. A great deal of credit is apparently due to the previous Solicitor General, my friend the Honourable James Kelleher, for, to use Reid Morden's words, "reading the Riot Act" to those two agencies.

The operations and organization of CSIS also appear to be settling down and stabilizing, and, of course, much of the credit goes to its director, Reid Morden.

After the first committee report a task force, headed by Major-General Cheriton, was set up to plan and put in place a comprehensive counterterrorism contingency planning and crisis management capability for the federal government. The task force made a number of positive organizational proposals, many of which have been implemented. The task force also devised a "national counterterrorism plan" that now acts as a framework for the federal government's response to terrorist emergencies.

The committee also found areas or issues where substantial progress had been made but where more work remains to be done. For example, relations between the RCMP and provincial and municipal police forces have obviously improved considerably. A particularly important relationship, that between the RCMP and the Ottawa Police Force, has improved markedly since the first committee's review in 1987. One need only compare interforce cooperation at the time of the Bahamian High Commission incident in 1987 with the cooperation between the Ottawa Police Force and the RCMP during the Parliament Hill bus incident this spring. Honourable senators may remember that at the Bahamian High Commission a dispute on who was in charge broke out between the two forces: the RCMP and the Ottawa Police Force, whereas, during the bus hijacking relations worked smoothly and effectively.

But problems persist. Working relations and communications with the Sûreté du Québec obviously require some attention. The federal-provincial agreement with Quebec under section 61(2) of the Security Offences Act has not yet been finalized, and this represents an important chink in our ability to respond quickly and effectively to terrorism and other security offences. Furthermore, while the formal requirement for agreements has been met with all other provinces except New Brunswick, where some technical issues remain outstanding, the committee is concerned that the agreements themselves lack substance and will be of only marginal help from a practical or operational point of view.

The first committee was very critical of the lack of joint force training and exercises between the RCMP and other Canadian police forces. Again, while good progress has been made, more work remains to be done. Representatives of the Ontario Provincial Police, the Metro Toronto Police and the Peel Regional Police appearing before the committee were unanimous in their request for more joint training and exercises with the RCMP. Perhaps it is my army background coming to the fore, but, to me, the requirement for joint police training and exercises is self-evident and I must admit to some personal frustration that more progress, particularly involving the RCMP SERT, has not been made.

Finally, in the "mixed reviews" category, I want to turn to the media's performance in the coverage of terrorist incidents. Senators may recall that the first committee was quite critical of both the police and the media in this regard.

I think it fair to say that there have been improvements on both sides. The major media outlets, on the whole, appear to be more sensitive to the harm irresponsible broadcast coverage can cause and, based on the April 7 incident, appear to be more responsible in their coverage. There will always be "media cowboys", however, who break police cordons and, in their behaviour and coverage, run the risk of jeopardizing lives and police operations.

Honourable senators, I fully comprehend the media's desire and right to be briefed on, for example, a terrorist incident as it unfolds and to be allowed to record the event. However, I have never understood, and still do not understand, the broadcast media's insistence on live broadcast throughout an incident, when both experience and common sense tell us that live broadcasts have jeopardized and can jeopardize lives and the effective resolution of the incident.

Here is where police-media relations come in. The police must not only brief the media during the event but must also advise and counsel the media on what can and cannot be broadcast live from the scene. This cannot be effectively accomplished during an incident. There must be some guidelines or standards established in advance that act as a framework for the conduct of police-media relations during an incident and live broadcasts from the scene of the incident.

Some broadcast networks and outlets have crafted very good guidelines. Many have not. The missing piece in any guidelines drafted to date is police participation in making the guidelines so that guidelines take into account the practicalities of police operations. This is obviously a sensitive area, and the RCMP has made some tentative steps in this direction, but much more work still remains to be done.

Honourable senators, let me turn finally to the bad news: areas where little or no progress has been made. The first committee expressed grave reservations about the practicality of the Department of the Solicitor General's exercising "lead responsibility" for the federal government's response to a domestic terrorist threat or incident and the proliferation of crisis management centres or operations centres around Ottawa. Since then the Department of the Solicitor General has been reconfirmed in its "lead ministry" role and there has been no decrease in the number of crisis management centres: the Department of External Affairs has one; the Department of Transport had two, but now has only one; DND has one; the Department of the Solicitor General has one; CSIS has one; the RCMP has one, and so on.

The committee believes that the proper location for a government-wide crisis management centre is still in the Privy Council Office—not only for terrorism but also for major natural disasters, foreign incidents involving Canadians or Canada's interests, and a range of political, natural and governmental emergencies. The PCO is the Prime Minister's department and is as close as any organization can come to cabinet and the operations of the cabinet system; it has a general coordination mandate and has the clout within the system to make things happen when the need arises.

Second in the bad news category: the first committee was very concerned about how the RCMP and local and provincial police forces would work together to resolve a specific incident. As honourable senators know, the Security Offences Act gives primacy to the RCMP in such cases, but the first committee was concerned that RCMP primacy should not be exercised in a heavy-handed way or in such a way that the resolution of the incident was compromised. Local police forces would usually be on the scene first and in any event would often have an important, if not central, role to play. We did not want more turf wars to break out.

The first committee was told that the interforce agreements then being worked out would avoid such problems. This committee, therefore, looked carefully at the agreements that had been struck to date with police forces such as Peel Regional, Metro Toronto and Ottawa. What we found was disappointing. In essence, we found a structure that was somewhat bureaucratic, but which, in our interpretation, could have allowed the local police forces to take primacy away from the RCMP. We also found material differences in interpretation of these agreements between the RCMP and certain of the local police forces. In short, we found no improvement on the situation identified by the first committee.

Finally, in terms of federal-provincial cooperation and coordination, the committee was disturbed to find that the national counterterrorism plan prepared by the Cheriton Task Force had been prepared with very little provincial involvement. To work, a national plan has to involve the provinces and they have to be committed to it. In the committee's view, the lack of provincial involvement to date is a serious shortcoming and one that should be corrected.

Honourable senators, I know my colleague, Senator Kenny, also wishes to speak, so I shall close my remarks here. However, in closing I should like to express my thanks to the committee members, to the staff and to the witnesses who appeared before us. I wish particularly to thank Senators Corbin and Kenny, who were most faithful and hard-working on the committee. I must say, in commenting on Senator Kenny's behaviour, he was from time to time the "brat" of the committee. However, in being a "brat", he provided a very useful service.

I also want to mention Senator Le Moyne, who has retired from this chamber. You may remember, and I am sure Senator Flynn certainly does, that we made a botch of the French translation of the first report. In fact, Senator Flynn told us that we had missed the beauty of that language totally, and I know we had. Senator Le Moyne very kindly undertook to see that this time we did not miss the beauty of the French language. I am therefore very confident that the translation is an excellent one, and I wish to thank Senator Le Moyne for his help.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I propose to adjourn the debate in the name of Senator Kenny. However, before doing so, I want to thank Senator Kelly and his colleagues for that excellent report, which I am sure will be of great use to those senators particularly interested in such matters. I should like to ask a question as well. Will the honourable senator inform us of the present status of this committee? I ask the question because I noticed that at the beginning of the honourable senator's remarks he took care to excise any finality from the report that he gave us. Does the committee have anything before it at the present time? Moreover, since it is a special committee, does it continue to exist without something before it, or, having received a reference, been established to deal with the reference and made its report, is that report not, indeed, final and, therefore, the committee is *functus officio*? I may not have covered all the possibilities.

• (1530)

Senator Kelly: Honourable senators, first of all, I cannot recall the questions in detail so I may not answer them in order. The committee was a special one and does not continue to exist. In fact, properly so, after the first special committee was formed and gave its final report, it ceased to exist. Then a new special committee was constituted. It was not a reconstitution of the first committee. That second committee has finished its job as well and has given its final report.

What I was trying to signal to honourable senators is that this matter is and will continue to be a special interest of mine. I believe that it is an important issue and that it should be tracked. I wanted to suggest that there may be a time when I will again be asking this chamber for permission to conduct a further study.

Senator Frith: So it is only in that sense that the report was not final?

Senator Kelly: Yes.

Hon. Louis-J. Robichaud: Honourable senators, I have a question for the chairman of the committee. There are situations in which, because of live coverage on television and perhaps unscrupulous reporting, the security or life of a hostage or victim of terrorism may be placed in jeopardy. I recall very well the incident of 1970, when James Cross was being held captive in Montreal. He was allowed to deliver messages through the press and he was deliberately making mistakes to mislead his captors. The press was revealing those mistakes. I can picture myself in the position of James Cross and the captors pointing to him and saying as a result, "We're going to kill you!", or something to that effect. It does happen that live coverage of such events places the security or perhaps even the life of the victim of such terrorism in jeopardy. I am wondering whether there is any recommendation that the committee can make to silence the press, radio stations and television stations in cases where victims are in jeopardy.

Senator Kelly: Honourable senators, the position the committee has taken is that the remedy for such situations must be generated from within the media organizations themselves. We were very sensitive to the difficulty any government might get into in a free society if it decided to legislate rules of behaviour in situations such as the one described by the honourable senator. We feel that that kind of code of conduct can emerge through much better communication between police forces and

the media. We feel that there has been an adversarial relationship to an extent beyond what is reasonable. We think that the police in this case—and this was our most recent conclusion—have to be more forthcoming on the nature of their business and how they have to carry it out. The police must realize that the media are perfectly correct when they say they have the right and the obligation, if necessary, to focus cameras on every single thing that is happening so that, after the event is over, total accountability can take place as to who did what, who did things that should have been done, and who did things that should not have been done. It is with the simultaneous presentation of these events during the course of the incident that these risks occur. We think that the situation can be worked out but that it will take a lot more consultation, particularly open-minded consultation.

On motion of Senator Frith, for Senator Kenny, debate adjourned.

FUTURE OF CANADIAN FINANCIAL INSTITUTIONS

MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO CONDUCT STUDY WITHDRAWN

Hon. Sidney L. Buckwold rose pursuant to his notice of motion of Tuesday, September 26, 1989:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study the future of Canadian financial institutions including the requirements of a changing economic environment; and
>
> That the Committee present its final report no later than March 31, 1990.

He said: Honourable senators, I wish to ask permission to withdraw my Notice of Motion of September 26. I shall replace it with another Notice of Motion.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion withdrawn.

CANADIAN FINANCIAL INSTITUTIONS

NOTICE OF MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO CONDUCT STUDY ON FUTURE AND OWNERSHIP

Leave having been given to revert to Notices of Motions:

Hon. Sidney L. Buckwold: Honourable senators, I give notice that tomorrow, Wednesday, October 4, 1989, I will move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study the future of Canadian financial institutions in a globally-competitive and evolving environment and, in particular, the ownership of such institutions; and
>
> That the Committee present its final report no later than March 31, 1990.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 507*)

ANSWERS TO ORDER PAPER QUESTIONS

CANADA—NEWFOUNDLAND ECONOMIC AND REGIONAL DEVELOPMENT AGREEMENTS

PROJECTS

Question No. 2 on the Order Paper **By Hon. Jack Marshall:**

4th April, 1989—Concerning the following Canada/Newfoundland Economic and Regional Development Agreements, (i) what is the list of all projects approved; (ii) the amount; and (iii) the names of organizations or individuals, where applicable: (a) Mineral Development; (b) Planning; (c) Tourism Development II; (d) Rural Develoment II; (e) Ocean Industry Development; (f) Highways Development; (g) Forestry II; (h) Livestock Feed; (i) Science and Technology; (j) Inshore Fisheries; and (k) Agri-Food Development?

Reply by the Minister of Public Works and Minister for the Purposes of the Atlantic Canada Opportunities Agency Act:

The requested information can be found in the attached report which includes all approved projects up to March 31, 1989.

Report tabled.

ATLANTIC CANADA OPPORTUNITIES AGENCY

APPLICATIONS FOR ASSISTANCE

Question No. 3 on the Order Paper **By Hon. Jack Marshall:**

4th April, 1989—What is the breakdown of the 1,292 applications for assistance under ACOA Programs, including action programs and various Canada/Newfoundland ERDA subagreements since its creation, under the following headings: (a) classification of program; (b) amount of application; (c) date received; (d) date approved or rejected; (e) amount approved; (f) district and community; (g) name of applicant; (h) anticipated jobs; and (i) shared cost of applicant?

Reply by the Minister of Public Works and Minister for the Purposes of the Atlantic Canada Opportunities Agency Act:

The information requested can be provided only on the approved applications.

See reply to Senate question No. 2 answered this day.

ATLANTIC CANADA OPPORTUNITIES AGENCY

INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM

Question No. 7 on the Order Paper **By Hon. Jack Marshall:**

6th April, 1989—With reference to the Atlantic Canada Opportunities Agency's Annual Report on the Industrial and Regional Development Program for the period June 6, 1987 to March 31, 1988, (a) what are the names of the firms who accepted offers under (i) Planning Elements Innovation (11 firms), (ii) Establishment of New Facility (52 firms) and (iii) Modernization Expansion (81 firms); (b) how many jobs were created; and (c) what was the percentage of assistance per job?

Reply by the Minister of Public Works and Minister for the Purposes of the Atlantic Canada Opportunities Agency Act:

The requested information can be found in the attached report. Please note that we included the amount of assistance in order to answer the question (c) "What was the percentage of assistance per job?"

Explanatory Notes

1. The nature of the assistance under the Innovation Program Element is such that jobs are not necessarily created at this stage. They are created when the firm is in a position to implement the new product and/or process once the research and development is completed.

2. The Establishment, Modernization/Expansion Elements allow for assistance towards the cost of hiring qualified consultants for studies. This explains why there are firms that received assistance and are not showing any jobs created. Also note that in many instances, the initiatives under these elements help maintain rather than create new jobs.

IRDP OFFERS ACCEPTED BY PLANNING ELEMENT, 1987-1988
(PERIOD OF JUNE 6, 1987 - MARCH 31, 1988)

OFFRES ACCEPTÉES PAR ÉLÉMENT DE PLANIFICATION PDIR, 1987-1988
(PÉRIODE DU 6 JUIN 1987 - 31 MARS 1988)

INNOVATION/INNOVATION:

NAME/NOM	ESTIMATED JOBS CREATED/EMPLOIS CRÉÉS ESTIMÉS	AMOUNT OF AUTHORIZED ASSISTANCE/MONTANT D'AIDE AUTORISÉE
1) C. F. Cox Limited	1	$ 112,000
2) Canada Packers Inc. (Shur-Gain Division)	0	64,113
3) Canadian Tennis Technology Partnership	7	443,580
4) Clare Organic Products Limited	0	53,162
5) Deer Island Processing Limited	3	53,000
6) Feeny Brian J.	0	3,101,375
7) Marcel Enterprises Limited	2	89,392
8) Phoenix Eyewear Inc.	1	98,749
9) Information Services Inc.	5	127,613
10) Shopsmart Microsystems Inc.	2	309,525
11) Standard Power Products Limited	0	149,075
	21	$4,601,584

IRDP OFFERS ACCEPTED BY PLANNING ELEMENT, 1987-1988
(PERIOD OF JUNE 6, 1987 - MARCH 31, 1988)

OFFRES ACCEPTÉES PAR ÉLÉMENT DE PLANIFICATION PDIR, 1987-1988
(PÉRIODE DU 6 JUIN 1987 - 31 MARS 1988)

ESTABLISHMENT/NOUVEL ÉTABLISSEMENT:

NAME/NOM	ESTIMATED JOBS CREATED/EMPLOIS CRÉÉS ESTIMÉS	AMOUNT OF AUTHORIZED ASSISTANCE/MONTANT D'AIDE AUTORISÉE
1) A. Robert Begg Maritime Holdings	4	$ 39,700
2) ABCO Kem Inc.	0	15,320
3) Arrow L. M. Inc. of Canada	55	1,864,830
4) Atlantic Defence Industries Ltd.	52	335,849
5) Boutique Ex-L & M. L. Fashions	2	11,651
6) Brett Mr. Herbert	3	40,000
7) Buchans Development Corporation	0	14,025
8) C. B. Mold Company (A Partnership)	80	4,500,000
9) Canpolar Inc.	0	11,000
10) Cape Breton Fisheries	100	345,000
11) Cape Nova Boats Limited	3	28,380
12) Caribou Marsh Fuelwood Company Ltd.	0	4,125
13) Cell-Com Technologies Inc.	50	975,000
14) Cellpack Aerospace Limited	36	1,062,500
15) Cudmore John & Stevens Webster	5	17,273
16) Dugafab Inc.	5	154,500
17) Eastern Shipbuilders Ltd.	33	75,000
18) EPA Limited	85	1,750,000
19) Georgetown Timber Limited	42	166,500
20) Glenora Distillers Limited	14	737,478
21) Graham Farms Ltd.	2	37,500
22) Green Acres Produce Ltd.	41	$ 697,500
23) Grimba John	9	21,250
24) Guysboro Aquatic Ventures Ltd.	42	168,960
25) Industrial Welding Ltd.	5	102,000
26) Iron Shop Limited	1	12,000
27) Jenkins, David G. (TBI)	5	21,175
28) Johnson's Forest Enterprises Ltd.	13	100,000
29) K. B. Energy Inc.	43	1,716,000
30) La Cidrerie du Québec Ltée	22	274,022

ESTABLISHMENT/NOUVEL ÉTABLISSEMENT:
(Cont'd.../Suite)

NAME/NOM	ESTIMATED JOBS CREATED/EMPLOIS CRÉÉS ESTIMÉS	AMOUNT OF AUTHORIZED ASSISTANCE/MONTANT D'AIDE AUTORISÉE
31) Labrador Fishermen's Union Shrimp	0	21,375
32) M. R. O. Supplies Ltd.	2	92,974
33) Marton F. Murphy	4	36,640
34) Mastervoice Electronics Ltd.	0	18,750
35) Mulgrave Industrial Commission	0	21,900
36) National Petroleum & Marine Cons. Ltd.	0	15,000
37) Newtech Instruments Limited	11	40,111
38) North East Food Processors Ltd.	0	4,000
39) Nova Scotia Clam Company Ltd.	0	15,000
40) Nova Scotia Micro Mechanic Ltd.	5	143,700
41) O'Neill Ronald A.	3	7,800
42) Port Hood Woodworkers Ltd.	3	36,300
43) Powell Mrs. Olive	4	5,583
44) Provincial Blind Manufacturers	8	17,314
45) S & R Bakery	2	6,833
46) Scotia Ropers Limited	0	3,900
47) Sussex and Studholm Agri-Society	9	237,550
48) Swanson Industries Ltd.	5	16,250
49) Sydney Harbour Ports Reg. Dev. Board	0	9,169
50) Sydney Vinyl Siding Sales Ltd.	2	21,000
51) The Nova Scotia Clam Company Ltd.	50	112,500
52) Wharf-Rat Ltd.	20	19,775
	880	$16,201,962

IRDP OFFERS ACCEPTED BY PLANNING ELEMENT, 1987-1988
(PERIOD OF JUNE 6, 1987 - MARCH 31, 1988)

OFFRES ACCEPTÉES PAR ÉLÉMENT DE PLANIFICATION PDIR, 1987-1988
(PÉRIODE DU 6 JUIN 1987 - 31 MARS 1988)

MODERNIZATION/EXPANSION:
MODERNISATION/AGRANDISSEMENT:

NAME/NOM	ESTIMATED JOBS CREATED/EMPLOIS CRÉÉS ESTIMÉS	AMOUNT OF AUTHORIZED ASSISTANCE/MONTANT D'AIDE AUTHORISÉE
1) A. P. Metal Inc.	11	$ 92,500
2) ABCO Industries Ltd.	5	91,250
3) ABCO Plastics Ltd.	12	76,750
4) Andres Wines Atlantic Ltd.	0	127,500
5) Applin, Kirby	3	22,750
6) Bavarian Specialties (Canada) Ltd.	4	91,620
7) Bay Chaleur Packers Ltd.	26	412,500
8) Bebb Publishing Ltd.	0	12,244
9) Bowater Mersey Paper Co. Ltd.	0	5,035,000
10) Bradshaw's Cove Fisheries Ltd.	9	40,250
11) Bren Power Limited	4	25,800
12) Bridgewater Engine & Machine Services	3	28,954
13) C. MacDonald & Son Boat Building Ltd.	4	12,750
14) C & K Fisheries Ltd.	1	20,000
15) Caledonia Woodworkers Ltd.	3	43,770
16) Callan Mr. Jerry	5	9,907
17) Canada Packers Inc.	1	132,290
18) Carter Enterprises Ltd.	0	4,250
19) Clarenville Dry Dock Ltd.	4	105,000
20) Coley's Point Fisheries Ltd.	3	24,524
21) Collins Aluminum & Repair Ltd.	8	$ 27,295
22) Corner Brook Pulp & Paper Ltd.	0	697,250
23) Currie Signs Ltd.	1	6,885
24) D. F. Barnes Ltd.	0	7,500
25) Dawson Produce Ltd.	2	49,955
26) Dowe Concrete Products Ltd.	3	21,694
27) E. W. Harvey Ltd.	0	192,500
28) Erablière Nord Ouest Inc.	2	39,109
29) F & M Steel Products Ltd.	32	123,019

MODERNIZATION/EXPANSION: (Cont'd...)
MODERNISATION/AGRANDISSEMENT: (Suite)

NAME/NOM	ESTIMATED JOBS CREATED/EMPLOIS CRÉÉS ESTIMÉS	AMOUNT OF AUTHORIZED ASSISTANCE/MONTANT D'AIDE AUTORISÉE
30) Finewood Furniture & Lumber Ltd.	2	37,501
31) Fleet Services Ltd.	10	71,100
32) G. N. Plastics Company Ltd.	7	131,250
33) Gordex Minerals Ltd.	20	250,000
34) Green Seafoods Ltd.	40	81,250
35) Harbour International Ltd.	2	46,625
36) Hutt Bros Ltd.	2	20,625
37) Jack MacDonald Meats Ltd.	2	24,153
38) Jacques, Whitford & Associates Ltd.	3	52,627
39) Kentville Publishing Co. Ltd.	0	70,925
40) Kileel Foods Inc.	2	73,500
41) Kiley Distributors Ltd.	2	15,000
42) L. & Brothers Metals & Galv Ltd.	2	12,746
43) L. E. Elliott Lumber Ltd.	5	19,400
44) Lantic Sugar Ltd.	0	1,035,136
45) Lewis Phillip J.	3	15,500
46) Lock-Wood Ltd.	35	221,460
47) M. & M. Engineering Ltd.	3	13,675
48) M. & M. Pre Pak Sales Ltd.	4	220,000
49) Mailman Publishing Div. of Cameron Publ.	5	88,705
50) Marwood Ltd.	2	115,000
51) Mount Pearl Glass Ltd.	2	$ 11,261
52) Murray's Meats Ltd.	4	21,750
53) Nat Sea Products Ltd.	0	531,875
54) Nelson Monuments Ltd.	0	61,250
55) Nova Agri Associates Ltd.	0	33,750
56) O. H. Armstrong Ltd.	0	10,125
57) P. Janes and Sons Ltd.	0	33,750
58) Perfection Foods Ltd.	0	223,619
59) Perfection Foods Ltd.	0	21,000
60) Prince Edward Island Produce Co. Ltd.	3	81,250
61) R. S. Babcock Ltd.	3	11,593
62) Ray Hodgson Builders	4	26,000
63) Rideout and Milley Ltd.	2	18,129
64) Robertson's Candy	3	38,775
65) Saunders Howell Mfg. Ltd.	0	72,750

MODERNIZATION/EXPANSION: (Cont'd...)
MODERNISATION/AGRANDISSEMENT: (Suite)

NAME/NOM	ESTIMATED JOBS CREATED/EMPLOIS CRÉÉS ESTIMÉS	AMOUNT OF AUTHORIZED ASSISTANCE/MONTANT D'AIDE AUTORISÉE
66) Scotia Pallet Ltd.	1	17,500
67) Scotsburn Co-op Services Ltd.	0	25,237
68) Sea Trawls Ltd.	4	50,750
69) Sign Craft	1	9,030
70) Snyder's Shipyard Ltd.	8	32,125
71) South River Enterprises Ltd.	60	137,500
72) South Shore Ready Mix Ltd.	0	73,800
73) Superior Seafoods Ltd.	50	115,101
74) Sussex Silica Inc.	2	99,750
75) Sydney Millwork Ltd.	0	20,750
76) The Harbour Grace Fishing Co. Ltd.	0	74,900
77) Thomas Glass & Aluminum	1	11,475
78) Waterview Machine Works Ltd.	0	31,415
79) Wearwell Garments Ltd.	3	15,825
80) Whites Enterprises	2	4,500
81) Windjammer Windows & Doors Ltd.	7	38,750
	457	$12,146,279

NATIONAL DEFENCE

STRENGTH OF MILITIA AREAS

Question No. 14 on the Order Paper **By Hon. Gildas L. Molgat:**

2nd May, 1989—For each of the militia areas in Canada, (a) what was the area strength, all ranks, as of December 31, 1987; (b) how many were enrolled between December 31, 1987 and December 31, 1988; (c) how many were released between the same dates; (d) what were area strengths as of December 31, 1988; (e) what were the call-out strengths, by area, on same dates; and (f) what were target strengths, all ranks, by area for the same dates?

Reply by the Minister of National Defence:

See attachment.

PERSONNEL DATA/MILITIA AREAS/SECTEUR DE LA MILICE

	Pacific/Pacifique	Prairie/Prairies	Central/Centre	Eastern/Est	Atlantic/Atlantique	Total/Total
a. Strength Dec. 31,1987/ Effectifs au 31 déc. 1987	1844	2618	7030	4249	3713	19,454
b. Enrolled between Dec. 31, 1987 and Dec. 31, 1988/ Enrôlées entre le 31 déc. 1987 et le 31 déc. 1988	635	1284	2423	1818	1334	7,494
c. Released between Dec. 31, 1987 and Dec. 31, 1988/ Libérés entre le 31 déc. 1987 et le 31 déc. 1988	512	982	1225	1457	934	5,110
d. Strength Dec. 31, 1988/ Effectifs au 31 déc. 1988	1794	2775	7476	4748	3852	20,645
e. On Callout Class B Dec. 31, 1988/ Service Classe B au 31 déc. 1988	94	109	185	151	80	619
f. Paid Ceiling FY 1987-1988 Soldes maximales année d'exercice 1987-1988	1463	2527	5342	3755	2913	16,000
Paid Ceiling FY 1988-1989 Soldes maximales année d'exercice 1988-1989	1602	2767	5842	4105	3188	17,504

FISHERIES AND OCEANS

ADVISORY COMMITTEE MEMBERSHIPS

Question No. 17 on the Order Paper **By Hon. Jack Marshall:**

6th June, 1989—Who are the members of the following committees, and what district or region do they represent: Atlantic Groundfish Advisory Committee (AGAC); Offshore Vessels Owners' Working Group (OVOWG); Atlantic Salmon Advisory Board (ASAB); Northern Shrimp Advisory Committee (NSAC); Gulf Small Pelagics Advisory Committee (GSPAC); Gulf Shrimp Advisory Committee (GSAC); Offshore Scallop Advisory Committee (OSAC); Atlantic Bluefin Tuna Advisory Committee (ABTAC); and Atlantic Regional Council (ARC)?

Reply by the Minister of Fisheries and Oceans:

ATLANTIC GROUNDFISH ADVISORY COMMITTEE (AGAC)

Mr. C.W. Shinners, Ottawa, DFO
Mr. D. Tobin, Ottawa, DFO
Dr. V. Rabinovitch, Ottawa, DFO
Mr. B.I. Applebaum, Ottawa, DFO
Mr. R.W. Crowley, Ottawa, DFO
Mr. Gilbert Caron, Ottawa, DFO
Chairman, CAFSAC, Scotia-Fundy Region
Mr. J.-E. Haché, Scotia-Fundy Region, DFO
Mr. E.B. Dunne, Newfoundland Region, DFO
Mr. E.R. Gaudet, Gulf Region, DFO
Mr. D. Martin, Quebec Region, DFO
Deputy Minister, Department of Fisheries, Province of Newfoundland & Labrador
Mr. J.E.H. Légaré, Department of Fisheries & Aquaculture, Province of New Brunswick
Mr. J.P. Lussia-Berdou, Ministère de l'Agriculture, des Pêcheries et de l'Alimentation, Province of Quebec
Mr. H.D. Johnston, Department of Fisheries, Province of Prince Edward Island
Mr. A.A. Longard, Department of Fisheries, Province of Nova Scotia
Mr. Bruce Chapman, Fisheries Association of Newfoundland & Labrador, Newfoundland
Mr. G. Hearn, Independent Fish Producers Association, Newfoundland
Mr. Herb Clark, Fishery Products International, Newfoundland
Mr. Max Short, Fishermen, Food and Allied Workers Union, Newfoundland
Mr. Clayton Bursey, Salt Codfish Processors Association, Newfoundland
Mr. R.C. Stirling, Seafood Producers Association of Nova Scotia, Nova Scotia
Mr. B.F. Lee, Canadian Brotherhood of Railway Transport and General Workers, Nova Scotia
Mr. Kingsley Brown, Fishing Vessels Masters Association, Nova Scotia
Mr. Cecil Weybret, Southwest Nova Scotia Fish Packers Association, Nova Scotia
Ms. Maureen Yeadon, National Sea Products, Nova Scotia
Mr. Claude d'Entremont, Southwest Nova Scotia

ATLANTIC GROUNDFISH ADVISORY COMMITTEE (AGAC)

Mr. J. Boudreau, Eastern Nova Scotia Canso Fishermen's Association, Nova Scotia
Mr. Yvon Deveau, Cheticamp Fishermen's Co-op, Cape Breton, Nova Scotia
Mr. L. Wilneff, Canadian Seafood and Allied Workers Union, Nova Scotia
Mr. N. Smith, Fixed Gear Association of Southwest Nova Scotia, Nova Scotia
Mr. Cliff Thompson, Eastern Fishermen's Federation, Nova Scotia
Mr. Harold Norve, Nova Scotia
Mr. Peter Dysart, New Brunswick Fish Packers Association, New Brunswick
Mr. K. Sonnenberg, Grand Manan Fishermen's Association, New Brunswick
Mr. Gastien Godin, Association des pêcheurs professionnels acadiens, (APPA),New Brunswick
Mr. Michael Belliveau, Maritime Fishermen's Union, New Brunswick
Mr. Cyril Gallant, P.E.I. Seafood Producers Association, Prince Edward Island
Mr. John Jamieson, P.E.I. Fishermen's Association, Prince Edward Island
Mr. Jones Sheehan, Association québécoise de l'industrie de la pêche, Quebec
Mr. Lionel Dumas, Association des pêcheurs de la Basse-Côte-Nord, Quebec
Mr. Y. Bernier, Association des capitaines propriétaires de la Gaspésie, Quebec
Mr. Leonard Poirier, Association des pêcheurs propriétaires, Îles-de-la-Madeleine, Quebec
Mr. B.J.T. Rashotte, Ottawa, DFO
Mr. C. Best, Newfoundland Region, DFO
Mr. G. Peacock, Scotia-Fundy Region, DFO
Mr. Max Gandy, Newfoundland Region, DFO
Mr. Rhéal Vienneau, Gulf Region, DFO
Mr. D. Boisvert, Quebec Region, DFO
Mr. Stratis Gavaris, Gulf Region, DFO

OFFSHORE VESSEL OWNERS' WORKING GROUP (OVOWG)

Mr. Herb Clark , Fishery Products International, Newfoundland
Mr. Eric Roe, Clearwater Atlantic Seafoods Inc., Nova Scotia
Dr. W. Murphy, Mersey Seafoods, Nova Scotia
Mr. Robert Fossberg, Ocean Marine Management Corp., Quebec
Mr. Brian Babb, Harbour Grace Fishing Co. Ltd., Newfoundland
Mr. Paul Delany, Madelipêche, Quebec
Mr. Christopher Topp, M.V. Osprey Ltd., Nova Scotia
Mr. Raymond Deveau, R.L. Deveau Entreprise Ltd., Nova Scotia
Mr. Valmond Chiasson, Carapro Ltée, New Brunswick
Mr. Roland Cormier, Department of Fisheries, Province of New Brunswick
Mr. Roy Lambie, Usen Fisheries Ltd., Prince Edward Island
Mr. Martin Karlsen, Karlsen Shipping Co. Ltd., Nova Scotia
Mr. Charles Smith, Richmond Fisheries, Nova Scotia

ATLANTIC SALMON ADVISORY BOARD (ASAB)

Mr. C.W. Shinners, Ottawa, DFO
Mr. N.A. Bellefontaine, Scotia-Fundy Region, DFO
Mr. Cal Whalen, Newfoundland Region, DFO
Mr. Jacque Robichaud, Quebec Region, DFO
Mr. Alphonse Cormier, Gulf Region, DFO
Mr. David Tobin, Ottawa, DFO
Mr. Bryan Walker, Department of Natural Resources and Energy, Province of New Brunswick
Mr. D.A. MacLean, Department of Fisheries, Province of Nova Scotia
Mr. David Vardy, Department of Fisheries, Province of Newfoundland
Mr. Georges Arsenault, ministère du Loisir, de la Chasse et de la Pêche, Province of Quebec
Mr. Art Smith, Department of Community and Cultural Affairs, Province of Prince Edward Island
Mr. Larry Marshall, Scotia-Fundy Region, DFO
Mr. David Clark, Atlantic Salmon Federation, New Brunswick
Mr. Alex Mills, New Brunswick Outfitters Association, New Brunswick
Mr. A.R. Beaver, Eastern Valley Outfitters, Nova Scotia
Mr. Lawrence P. Felt, Salmon Association of Eastern Newfoundland, Newfoundland
Mr. Richard Debow, Canadian Wildlife Federation, New Brunswick
Mr. Jean Racine, Fédération québécoise pour le Saumon Atlantique, Quebec
Mr. Maurice Gagné, Association Co-op des Pêcheurs de Carleton, Quebec
Mr. Dallas Moyer, St. John Commercial Fishermen's Association, New Brunswick
Mr. Ernest Smith, Restigouche Salmon Net Fishermen's Association, New Brunswick
Mr. Alvin Scott, Miramichi Commercial Salmon Fishermen's Association, New Brunswick
Mr. E. McCurdy, Fishermen, Food and Allied Workers Union, Newfoundland

Maritime Fishermen's Union, New Brunswick
Mr. Jack Fenety, Miramichi Salmon Association, New Brunswick
Mr. Ron Perley, Union of New Brunswick Indians, New Brunswick
Mr. Kevin Christmas, Union of Nova Scotia Indians, Nova Scotia
Mr. Ronald Jacques, Restigouche Indian Band, Nova Scotia
Mr. Joe Bagnell, Eastern Fishermen Federation, Nova Scotia
Mr. Gaby Ward, NASCO Commissioner, Province of Quebec
Mr. Mark McRea, NASCO Commissioner, Province of Nova Scotia
Mr. Wilfred Carter, NASCO Commissioner, Province of New Brunswick

NORTHERN SHRIMP ADVISORY COMMITTEE (NSAC)

Mr. Eill Flowers, Torngat Fish Producers Co-op Society Ltd., Labrador
Mr. Brian McNamara, Fishery Products International, Newfoundland
Mr. Russ Winsor, Labrador Fishermen's Union Shrimp Co., Newfoundland
Dr. W. Murphy, Mersey Seafoods Ltd., Nova Scotia
Mr. D. Hay, Farocan Inc., Ottawa
Mr. William Anderson, Labrador Inuit Association, Labrador
Mr. Peter Matthews, Clearwater Fine Foods, Nova Scotia
Mr. Brian Babb, Harbour Grace Fisheries, Newfoundland
Mr. Robert Fossberg, Ocean Marine Management Corp., Quebec
Mr. Michael O'Connor, National Sea Products, Nova Scotia
Mr. Neil Greig, Société Makivik Corp., Ottawa
Mr. D. Cunningham, Baffin Inuit Association, NorthWest Territories
Mr. Christopher Topp, M.V. Osprey Ltd., Nova Scotia
Mr. D.A. MacLean, Department of Fisheries, Province of Nova Scotia
Mr. Henri Légaré, Department of Fisheries, Province of New Brunswick
Mr. Douglas Johnston, Department of Fisheries, Province of Prince Edward Island
Mr. Ken MacRury, Government of NorthWest Territories
Mr. Karl Laubstein, Ottawa, DFO
Mr. Gerry Traverse, Newfoundland Region, DFO
Mr. Paul-Orel Chiasson, Les Pêches hauturières de Lamèque, New Brunswick
Mr. Valmond Chiasson, Caramer, New Brunswick
Mr. Pierre Vagneux, ministère de l'Agriculture, des Pêcheries et de l'Alimentation, Province of Quebec

GULF SMALL PELAGICS ADVISORY COMMITTEE (GSPAC)

Mr. Art Longard, Department of Fisheries, Province of Nova Scotia
Mr. Mike Chisholm, Seafood Producers Association of Nova Scotia, Nova Scotia
Mr. Bob MacClure, Nova Scotia
Mr. David Younker, Department of Fisheries, Province of Prince Edward Island
Mr. Allan Baker, Beach Point Fishermen's Co-op, Prince Edward Island
Mr. John Johnson, Northumberland Fishermen's Association, Nova Scotia
Mr. Scott Cameron, Nova Scotia
Mr. Ron Sisk, Department of Fisheries and Aquaculture, Province of New Brunswick
Mr. Maxime Cormier, New Brunswick Fish Producers Association, New Brunswick
Mr. Normand Ouellette, Association des fumeurs de hareng du Cap Pelé, New Brunswick
Mr. Olin Gregan, Association des seineurs du Golfe Ltée., New Brunswick
Mr. Hasse Lindblad, Maritime Fishermen's Union, New Brunswick
Mr. Charles Osborne, Prince Edward Island
Mr. René Castilloux, Association des pêcheurs côtiers de Newport, Quebec
Mr. Jones Sheehan, Association québecoise de l'industrie de la pêche, Québec
Mr. Cliff Thompson, P.E.I. Fishermen's Association, Prince Edward Island
Mr. Jamie Ellsworth, Prince Edward Island
Mr. J.P. Lussia-Berdou, ministère de l'Agriculture, des Pêcheries et de l'Alimentation, Province of Quebec
Mr. Jean-Charles Thériault, Association des pêcheurs propriétaires des Îles-de-la-Madeleine, Québec
Mr. Clovis Poirier, Alliance des pêcheurs commerciaux du Québec, Quebec
Mr. Leon Boulay, Québec
Mr. Max Short, Fishermen, Food and Allied Workers Union, Newfoundland
Mr. Asaph Payne, Newfoundland
Mr. John Roy Hackett, Newfoundland
Mr. Serge Gagnon, Quebec
Mr. Glenn Blackwood, Department of Fisheries, Province of Newfoundland and Labrador
Mr. Bill Barry, Barry Fisheries Ltd., Newfoundland
Mr. Dan Duffy, Newfoundland
Mr. Henri Légaré, Department of Fisheries and Aquaculture, Province of New Brunswick
Mr. Greg Egilsson, Nova Scotia
Mr. Stewart Beaton, Nova Scotia

ATLANTIC BLUEFIN TUNA ADVISORY COMMITTEE (ABTAC)

Mr. David Tobin, Ottawa, DFO
Mr. Mike Calcutt, Ottawa, DFO
Mr. Jim Beckett, Ottawa, DFO

Mr. Chris J. Allen, Ottawa, DFO
Mr. Alphonse Cormier, Gulf Region, DFO
Mr. O. Raymond Michaud, Gulf Region, DFO
Mr. Normand Dugas, Gulf Region, DFO
Mr. Denis Tremblay, Quebec Region, DFO
Mr. Don Aldous, Scotia-Fundy Region, DFO
Mr. Douglas Clay, Gulf Region, DFO
Mr. Alan Sinclair, Gulf Region, DFO
Mr. Bob Barnes, Scotia-Fundy Region, DFO
Mr. Bob Johnston, Gulf Region, DFO
Mr. Peter Partington, Scotia-Fundy Region, DFO
Mr. Jean-Jacques MacGuire, Scotia-Fundy Region, DFO
Mr. John Hanlon, Gulf Region, DFO
Mr. John Moores, Newfoundland Region, DFO
Mrs. Margaret Williams, Newfoundland
Deputy Minister, Department of Fisheries, Province of Newfoundland and Labrador
Mr. Max Short, Fishermen, Food and Allied Workers Union, Newfoundland
Mr. Robert Murray, Newfoundland
Mr. Edwin Hussey, Aquatic Offshore Fisheries, Newfoundland
Mr. Victor Lanteigne, New Brunswick
Mr. Aurele X. Lanteigne, New Brunswick
Mr. Friend Herring, Department of Fisheries, Province of Prince Edward Island
Mr. Eudore Dugas, Department of Fisheries and Aquaculture, Province of New Brunswick
Mr. Robert McFadden, Prince Edward Island
Mr. Elmer Perry, Prince Edward Island
Mr. Allan Anderson, H. Anderson Lobster Sales Ltd., Nova Scotia
Mrs. Shirley Bennett, Prince Edward Island
Mr. Daniel MacDougal, Nova Scotia
Mr. Garth Jending, Avegweit Seafoods Inc., Prince Edward Island
Mr. Michael Belliveau, Maritime Fishermen's Union, New Brunswick
Mr. Henri Legaré, Department of Fisheries and Aquaculture, Province of New Brunswick
Mr. Cliff Thompson, Eastern Fishermen Federation, Prince Edward Island
Mr. Roger Stirling, Seafood Producers Association of Nova Scotia, Nova Scotia
Mr. Art Longard, Department of Fisheries, Province of Nova Scotia
Mr. Robert Swim, Nova Scotia
Mr. Graham Garrison, Grand North Fisheries Ltd., Nova Scotia
Mr. Brian T. Coolen, Nova Scotia
Mr. Romuald Cormier, Quebec
Mr. Pierre Vagneux, ministère de l'Agriculture, des Pêcheries et de l'Alimentation, Province of Quebec
Mr. Hugh Journeaux, Quebec

GULF SHRIMP ADVISORY COMMITTEE (GSAC)

Mr. Gastien Godin, Association des pêcheurs professionnels acadiens, (APPA), New Brunswick
Mr. Patrick Clark, APPA, New Brunswick
Mr. Valmont Chiasson, Produits Belle-Baie Ltée., New Brunswick
Mr. Claude Lebouthillier, Department of Fisheries and Aquaculture, Province of New Brunswick
Mrs. Barbara Riley, Seafood Producers Association of Nova Scotia, Nova Scotia
Mr. Grey Roach, Department of Fisheries, Province of Nova Scotia
Mr. Guy Gagnon, Association des pêcheurs de crevette de Matane, Quebec
Mr. Pierre-Marie Cotton, Association des capitaines propriétaires de la Gaspésie, Quebec
Mr. Jones R. Sheehan, Association québecoise de l'industrie de la pêche, Quebec
Mr. Yvon Bougie, ministère de l'Agriculture, des Pêcheries et de l'Alimentation, Province of Quebec
Mr. Winston Gillingham, Fishery Products International, Newfoundland
Mr. Jake Chambers, Fishermen, Food and Allied Workers Union, Newfoundland
Mr. Martin Caines, Newfoundland
Mr. Glenn Blackwood, Department of Fisheries, Province of Newfoundland and Labrador
Mr. Jacque Robichaud, Quebec Region, DFO
Mr. Rhéal Vienneau, Gulf Region, DFO
Mr. Pierre Couillard, Québec Region, DFO
Mrs. Louise Savard, Québec Region, DFO
Mr. Brian Donohue, Ottawa, DFO
Mr. Philip Morrison, Ottawa, DFO
Mr. Rhéal Boucher, Gulf Region, DFO
Mr. Leinus Fitzpatrick, Gulf Region, DFO
Mr. Bernard V. Backett, Gulf Region, DFO

OFFSHORE SCALLOP ADVISORY COMMITTEE (OSAC)

Mr. M.A. Bellefontaine, Scotia-Fundy Region, DFO
Mr. Greg Roach, Department of Fisheries, Province of Nova Scotia
Mr. Graham Knickle, Adams & Knickle, Nova Scotia
Mr. Earl Kaiser, Lawrence Sweeney Fisheries Ltd., Nova Scotia
Mr. M.R. Comeau, Comeau's Seafoods Ltd., Nova Scotia
Mr. P. Matthews, Clearwater Fine Foods Inc., Nova Scotia
Dr. William Murphy, Mersey Seafoods, Nova Scotia
Mr. Douglas Mosher, Scotia Trawler Equipment Ltd., Nova Scotia
Mr. Sheldon Mossman, Fishery Products International, Nova Scotia
Mr. D. Janes, Nova Scotia
Mr. Boyd Lee, Nova Scotia
Mr. Leo McCormick, Canadian Auto Workers', Nova Scotia
Mr. Paul Fogarty, Canadian Auto Workers', Nova Scotia
Capt. Bob Mayo, Lunenburg Master Mariners Association, Nova Scotia
Mr. Gary Hartman, Lunenburg Master Mariners Association, Nova Scotia
Mr. Roger Stirling, Seafood Producers Association of Nova Scotia, Nova Scotia
Mr. Pat Amirault, N.S. Fishermen's Association, Nova Scotia
Mr. Reg Hazelton, Inshore Scallop Advisory Committee, Nova Scotia
Mr. Ron Scaplen, Department of Fisheries, Province of Newfoundland
Mr. John Chipper, Union of Fishermen and Commercial Workers, Nova Scotia
Mr. H. Wareham, Atlantic Surf Clam Co., Newfoundland
Mr. G.E. Jefferson, Scotia-Fundy Region, DFO
Mrs. Ginette Robert/Bob Mohn, Scotia-Fundy Region, DFO
Mr. Ralph Bannister, Scotia-Fundy Region, DFO
Mr. J. Nelson, Scotia-Fundy Region, DFO
Mr. P.E. Partington, Scotia-Fundy Region, DFO
Mr. J. Southall, Scotia-Fundy Region, DFO
Mr. K.S. Naidu, Newfoundland Region, DFO
Mr. G. Brocklehurst, Newfoundland Region, DFO
Mr. R. Jones, Scotia-Fundy Region, DFO

ATLANTIC REGIONAL COUNCIL (ARC)

Mr. Toby Andersen, Labrador Inuit Association, Labrador
Mr. E. Babineau, Babineau Fisheries Ltd., Prince Edward Island
Mr. Bruce Buchanan, British Columbia Packers, British Columbia
Mr. Ron Bulmer, Fisheries Council of Canada, Ottawa
Dr. Wilfred Carter, Atlantic Salmon Federation, New Brunswick
Mr. Bruce Chapman, Fisheries Association of Newfoundland and Labrador
Mr. Guy d'Entremont, Nova Scotia
Mr. A. Fortier, Alipêche Inc., Quebec
Mr. Gastien Godin, Association des pêcheurs professionnels acadiens (APPA), New Brunswick
Mr. Stephen Greene, Clearwater Fine Foods Inc., Nova Scotia
Mr. Renald Guignard, New Brunswick
Mr. Cameron MacKenzie, Nova Scotia
Dr. W.M. Murphy, Mersey Seafoods Ltd., Nova Scotia
Mr. Graydon Nicholas, Union of New Brunswick Indians, New Brunswick
Mr. Robert Shaw, National Sea Products, Nova Scotia
Mr. Jones Sheehan, Association québecoise de l'industrie de la pêche, Quebec
Mr. Max Short, Fishermen , Food and Allied Workers Union, Newfoundland
Mr. Klaus Sonnenberg, Grand Manan Fishermen's Association, New Brunswick
Mr. R.E. Stirling, Seafood Producers Association of Nova Scotia
Mr. Gilles Thériault, GTA Fisheries Consultants, New Brunswick
Mr. Carter Vaniderstine, Prince Edward Island
Mr. Bill Wells, Fishery Products International, Newfoundland

NATIONAL DEFENCE

REGULAR AND RESERVE FORCES NUMBERS

Question No. 18 on the Order Paper **By Hon. Gildas L. Molgat:**

6th June, 1989—What was the total number of members (i) of the Regular Force and (ii) of the Reserve Forces in each of the services on December 31, 1984, and on December 31, 1988, or whichever is the latest date for which the figures are available?

Reply by the Minister of National Defence:

COMPOSITION OF THE REGULAR AND RESERVE FORCES

At that time, the data base only retained information on prior single service affiliation (PSSA); i.e., those members who joined prior to unification.

The addition of uniform assignment codes to all automated records, in 1986, has enabled the capture of statistics for each service. To best respond to the query, statistics have been produced for 31 Dec 84, utilizing PSSA, and 31 Dec 86, utilizing uniform codes. The latter information is included for 30 Jun 89, also.

TOTAL STRENGTH FIGURES FOR REGULAR & RESERVE FORCES

REGULAR FORCE

<----- PRIOR SINGLE SERVICE AFFILIATION ----->

EFFECTIVE DATE	ROYAL CANADIAN NAVY	ROYAL CANADIAN ARMY	ROYAL CANADIAN AIR FORCE	CANADIAN FORCES	TOTAL
31 DEC 84	3,641	8,673	10,466	60,850	83,630

<-------- UNIFORM ASSIGNMENT --------->

	SEA	LAND	AIR	CANADIAN FORCES	TOTAL
31 DEC 86	13,978	34,504	37,819	1	86,302
30 JUN 89	14,419	35,966	37,197	0	87,582

PRIMARY RESERVE

EFFECTIVE DATE	NAVAL	MILITIA	AIR	COMM	NDHQ	CFE	OTHER	TOTAL
31 DEC 84	3,124	18,231	878	1,435	159	0	22	23,849
31 DEC 86	3,246	18,106	840	1,638	177	0	67	24,074
30 JUN 89	3,361	20,043	1,169	1,673	196	1	0	26,443

GRAND TOTALS

EFFECTIVE DATE	SEA	LAND	AIR	CF	COMM	NDHQ	OTHER /CFE	TOTAL
31 DEC 84	6,765	26,904	11,344	60,850	1,435	159	22	107,479
31 DEC 86	17,224	52,610	38,659	1	1,638	177	67	110,376
30 JUN 89	17,780	56,009	38,366	0	1,673	196	1	114,025

Notes: 1. COMM - communication reserve
2. NDHQ - NDHQ primary reserve list
3. CFE & other - not affiliated with any other primary reserve service

THE SENATE

Wednesday, October 4, 1989

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

CANADIAN CORPS OF COMMISSIONAIRES

FIFTIETH ANNIVERSARY OF OTTAWA DIVISION

Hon. Joan Neiman: Honourable senators, it gives me great pleasure to bring to your attention the fiftieth anniversary of the Ottawa division of the Canadian Corps of Commissionaires, which was celebrated here in Ottawa just last Monday. You have all probably had the opportunity to meet, talk with and be assisted by the commissionaires who work at many of our public buildings.

The concept of the Corps of Commissionaires originated in Britain 130 years ago, when a veteran of the Crimean War, Captain Edward Walter, noticed the difficulties that discharged men were having in adjusting to civilian life and in finding suitable employment. The first units of a similar organization, the Canadian Corps of Commissionaires, were organized by private citizens in Montreal, Toronto and Vancouver in 1925. The Ottawa division was officially established on October 1, 1939, with four commissionaires. Today the Ottawa division is the largest of 18 operating in Canada, with a present strength of more than 2,100 men and women ranging in age, if you would believe, from 19 to 90.

All corps divisions are federally incorporated, private, non-profit organizations. Only persons who have served in a branch of the Canadian Forces, the Royal Canadian Mounted Police, or who were members of the forces of the Allied Nations during wartime are eligible for the corps. The aim of the corps is to provide dignified employment for those who have served their country and want or are in need of employment. One of the most important bonuses they enjoy is the camaraderie which they find. I am sure you have noticed the pride with which they wear their uniforms and the courtesy and efficiency of their service.

Not surprisingly, the Ottawa division, which includes the Hull detachment, presently receives about 94 per cent of its employment contracts from the federal government. It is, and has been for some years, in the happy-unhappy position, because of the reputation it has earned, of having more offers of employment than it has personnel to fill the jobs. So it is constantly looking for more recruits.

Since the commissionaires are trained as security guards, some of their main employers are the Department of National Defence, the Canadian Security Intelligence Service, the Royal Canadian Mounted Police and the Department of External Affairs. They serve not only in the Pearson Building but in some of Canada's overseas posts such as Moscow and Washington. They are stationed in the Prime Minister's office and in the Governor General's residence, and they are also engaged in some non-security duties such as giving historical tours at Laurier House.

The name of the present chairman of the Ottawa division will ring a familiar bell, as he is Lieutenant Colonel Victor Inman, the son of our late, greatly respected colleague, Senator Elsie Inman. The Senate has another close connection with the corps, since its former commandant recently left the corps to join us. I refer, of course, to Lieutenant General René Gutknecht. I personally was in another one of those unhappy-happy situations: I was very sorry to see him leave the corps, which he had served so well, but delighted to learn he was doing so in order to become our Black Rod. The corps is fortunate in having found a very able successor, Brigadier-General Robert Heitshu, formerly the Commander of the Hull detachment. The Deputy Commandant, Lieutenant-Colonel Stewart Moore, has been a devoted member of the corps for the past 17 years.

Last Wednesday the Ottawa division held its annual Medals Parade at which 90 commissionaires received long-service medals. There were 65 who received their 10-year medal; 13, their 15-year bar; 6, their 20-year bar, and 6 more who received their 25-year bar.

We can all share in the pride of the Canadian Corps of Commissionaires. I am sure you would want to join me in wishing the members of the Ottawa division continuing good health and longevity for at least the next 50 years of their service on our behalf.

Hon. Senators: Hear, hear.

CANADIAN EXPLORATION AND DEVELOPMENT INCENTIVE PROGRAM ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy and Natural Resources, presented the following report:

Wednesday, October 4, 1989

The Standing Senate Committee on Energy and Natural Resources has the honour to present its

FIFTH REPORT

Your Committee, to which was referred the Bill C-19, An Act to amend the Canadian Exploration and Development Incentive Program Act, has, in obedience to the Order of Reference of Thursday, June 29, 1989, exam-

ined the said Bill and now reports the same without amendment, but with the following observations:

In announcing the phase-down in the CEDIP incentive rate on December 16, 1987, the Minister gave notice that the program itself would terminate on December 31, 1989. This termination date was reaffirmed in the Minister's statement of September 30, 1988, in which he announced that the incentive rate phase-down would be extended. On April 26, 1989, as part of its budget and without advance notice, the Government effectively ended CEDIP the following day, apart from certain grandfathering provisions.

Subsection 31(2) of the *Canadian Exploration and Development Incentive Program Act* (S.C.1987,c.18) provides that six months' notice shall be given in the *Canada Gazette* of any variation in the program when that variation is effected through a change in the regulations made pursuant to the Act. Since clause 2 of the Bill allows the Government to make retroactive regulations, subsection 31 (2) of the Act will be superseded.

In terminating CEDIP prematurely, the spirit of the Act was not adhered to by the Government. The industry had every reason to believe, prior to the budget, that CEDIP would remain in place until the end of 1989, and made its business plans accordingly. In failing to provide advance notice of CEDIP's termination, the Government violated the industry's trust in the predictability of this important program.

Respectfully submitted,

DAN HAYS
chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Nathan Nurgitz: Honourable senators, with leave, I move that this bill be read the third time now.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, is the acting deputy leader asking for leave to have third reading now because he is planning to have Royal Assent this evening?

Senator Nurgitz: Yes, honourable senators. There are two other items on the order paper for third reading today and, assuming they would receive third reading, my understanding from discussions with the Clerk Assistant was that we would be able to have Royal Assent at 4:45 p.m. today.

Senator Frith: Agreed.

Hon. Dan Hays: Honourable senators, at the appropriate time I wonder if I might make a few comments on third reading. I have no intention of objecting to the bill being dealt with today, but I would like an opportunity to make a few observations. Shall I proceed?

The Hon. the Speaker: I will put the motion first.

Honourable senators, with leave of the Senate and notwithstanding rule 45 (1)(*b*), it is moved by the Honourable Senator Nurgitz, seconded by the Honourable Senator Poitras, that this bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Hon. Efstathios William Barootes: I have a point of order. May I ask those who are more experienced in the House and in this chamber than I if the word "misled" is an appropriate parliamentary word to use in a report with respect to the government?

Senator Olson: Then it is true!

Hon. Eymard G. Corbin: Honourable senators, I believe there is no problem with using the terminology "misled", but to say "deliberately misled" would be an unacceptable parliamentary practice.

Senator Buckwold: That comes later.

Senator Hays: Honourable senators, in a way, Senator Barootes has introduced the matter on which I would like to comment. I would like to comment very briefly on two aspects of this legislation, which I believe are examples of bad government on two levels. I am sure you will all agree with my comments regarding one level, but the other may be controversial.

The first level is described adequately in the report itself. This legislation is an example of the bad use of laws to eliminate something retroactively which the industrial sector had firmly in its mind would be in place for a period longer than it has been. As described in the report of the committee, this bill allows the government to pass a regulation retroactive to the date of the budget in order to eliminate a program which everyone in the oil and gas industry thought would be in place until December 31 of this year. The industry loudly complained about this, a complaint which was echoed by Conservative members of Parliament in the other place as well as by many others, and I would like to put that on the record now. It is on the record in the report, but I would like to emphasize that complaint through my remarks.

I think it is a bad practice for government to have in place a piece of legislation that states that a certain period of notice will be given before a program is ended, and then to end that program by introducing legislation to circumvent the law, if you will. And Bill C-19 does just that; it allows a regulation to be passed with retroactive effect in the face of a law that says that it cannot be done.

Secondly, I believe this is bad government on the policy level. The inspiration for the program was low levels of exploration and development activity in the western sedimentary basin. Those low levels of activity exist today. It is interesting to note the remarks of two ministers, Mr. Masse and Mr. Epp, both Ministers of Energy, who, while praising

the taking of this kind of legislative initiative to deal with the kinds of problems we are experiencing now in the oil and gas sector in western Canada, at the same time, at least in the case of Mr. Epp who was the minister when the program was terminated, in the same speech said it was a bad idea to have these kinds of programs.

● (1410)

It is remarkable, but not unusual I suppose, for politicians—and I am one of them—to say contradictory things in the same speech, and this is an example of that. Honourable senators, it is a matter of concern to me, personally, and to people in western Canada. I do not believe that the early termination of this program is a good idea, and thus my reference to it as bad government.

It is absolutely essential, it seems to me, that the sector of the oil and gas industry, which operated under the National Energy Program in a certain way and now finds itself without that highly interventionist policy in place, be given a longer period of time to adjust to the non-interventionist policy that this government has brought in. Without remarking on which is good or which is bad, there has not been sufficient time for the industry to adjust to the new policy.

This particular piece of legislation was, in part, an attempt to do that, and its early termination is wrong. I regret it and I think my feeling would be echoed by those who are adversely affected in western Canada: namely, the small explorers and producers. The program being put to an end by this legislation was an example of some attempt on the part of the government to provide balance in its assistance to the energy sector. The government has announced programs with respect to Hibernia, OSLO and others that are directed to large producers of oil and gas. There are very generous programs being put in place in the interests of security of supply. A program similar to CEDIP was, and is at this time, badly needed to assist small oil and gas explorers and producers to develop conventional reserves.

As I have said, honourable senators, I regret this step. I know the government has answered in part by saying that it has introduced another program, the Canadian Exploration Incentive Program. In the committee meeting last night it became evident that that program does not replace the other. The CEDIP program involved an incentive expenditure of something of the order of $600 million in the last fiscal year. The CEIP will involve an expenditure of something like $60 million—it is no replacement.

The new program is also fraught with difficulties in terms of the possible retroactivity or re-characterization of wells where grants have been given, with the result that a grant might have to be returned. It is hoped that the government will address that problem with respect to this program.

Hon. H.A. Olson: Honourable senators, I shall be brief, but I certainly would like the Leader of the Government, in particular, and other senators to know that the oil industry in Canada feels betrayed by the action of this government in saying one thing and doing another. As has just been explained

[Senator Hays.]

to the house, retroactive development of regulations or laws, at least until this government came into office, was absolutely prohibited in the minds of parliamentarians. You don't make the rules after the game is played! To do so is, I think, a betrayal, which is almost too mild a term to use to describe what this government has done to the oil industry.

I should say, too, that exploration for oil in the sedementary basin of western Canada is probably at its lowest level in at least the last two decades, and perhaps even longer than that. It might be at the lowest level since the beginning of the 1950s, when exploration first began. Many smaller Canadian companies are in far more serious financial difficulty now than at any of the times my friends opposite complained about the National Energy Program. That was mild compared to the difficulty they are facing now.

Senator Barootes: You are not being serious.

Senator Olson: I am not being serious? The honourable senator should look at the balance sheets of some of those smaller Canadian companies. He will find out whether this is serious or not. That is all I want to say now. However, it needs to be emphasized that this is a great betrayal of one of the most important sectors of the Canadian economy.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Nathan Nurgitz: Honourable senators, I should like to indicate that we have two other items on the order paper for third reading, namely, Nos. 1 and 2. Following third reading I will ask to revert to Notices of Motions, at which time I shall move the adjournment of the Senate, likely until October 17.

QUESTION PERIOD

INDIAN AFFAIRS

GRAND RIVER INDIAN RESERVATION—SCHOOL HEALTH AND SAFETY STANDARDS—WELFARE OF STUDENTS

Hon. Lorna Marsden: Honourable senators, many here have heard from the Six Nations of the Grand River Indian Reservation, who appear to be in a great crisis in respect of schools for their children. As many of you will have read in the newspaper, approximately 1,200 children have been kept out of school this fall because of the deplorable health conditions in the available schools on that reservation.

The Six Nations Council and the community have been working with officials from the Department of Indian Affairs and Northern Development for some time. According to plans that were agreed upon, a school would be built to be ready for

this fall; but apparently it was not ready for this fall. Both the people whose children are affected and the representatives of the Six Nations are deeply concerned about this crisis, and they have appealed to members of the Senate to ensure that some action is taken.

I should like to ask the Leader of the Government in the Senate if he can tell us what the situation is presently on the Six Nations Reservation.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my information is that both the Department of Labour and the Department of National Health and Welfare advised members of the community that the facilities do meet health and safety standards and that the schools were safe for opening on September 5, 1989. However, in order to undertake some repairs and to meet community concerns for more appropriate education facilities, $430,000 was committed by the Department of Indian Affairs and Northern Development, and the work is well under way and will be completed by November 6, 1989.

Mr. Cadieux tells me that all the students could have started school in September in suitable classrooms while repairs were being completed. However, the community decided not to send any students to school until all of its concerns were addressed. That is the situation and the status report I have been given on the matter by my colleague.

Senator Marsden: Honourable senators, I wonder if the Leader of the Government in the Senate is willing to ask his colleague for further information about what is happening to those children in the meantime—that is, before the school is ready—because they are missing two crucial months of the school year.

There is a dispute between the officials and the members of the Grand River Indian Reservation about the health and safety standards. They report in correspondence that there are snakes and rats around and inside some of the school buildings. Also, the schools have been identified as having within them some asbestos. These are major threats to the health of children, about which I think any parent would be deeply concerned. It does seem to me that we should know what has been happening to these children in the meantime.

● (1420)

Senator Murray: Honourable senators, with regard to the asbestos in particular, the Department of National Health and Welfare has indicated that that did not pose a health hazard. However, the Department of Indian Affairs agreed to remove the asbestos that was accessible.

The decision to keep the children at home is one the community has made notwithstanding the advice of the two departments about health and safety standards. It appears that the community wants all of its concerns addressed before returning the children to school.

I am told that there is a comprehensive plan to replace facilities at the Six Nations and New Credit Indian Reservations. A major expansion, costing $2.8 million, to the J.C. Hill School is complete and a new ten-classroom school, costing approximately $5.7 million, is scheduled to open in 1992. Also, two additional ten-classroom schools, at an estimated cost of $6 million each, have been identified as a priority for further construction.

With regard to the specific further information that the honourable senator seeks, I shall have an inquiry go forward to Mr. Cadieux, and as soon as I have received the information I will convey it to her.

Senator Marsden: I think it would be very helpful if the Leader of the Government in the Senate were to do that. However, in the correspondence I have received, dated September 14 of this year, the school which the Leader of the Government has told us will be opening in November is described as land remaining void of any type of building. I wonder if the Leader of the Government in the Senate would be willing to ask his cabinet colleagues whether some temporary building is being erected for opening in November or if what is being discussed here is a permanent, proper school building.

Senator Murray: Honourable senators, I shall inquire into that matter. As I have indicated, the repair work that is under way, at a cost of $430,000, will be completed by November. As I have also stated, there is a major expansion to J.C. Hill School, costing $2.8 million, and that is complete. I can inquire as to whether these are temporary classrooms or a permanent structure. At a cost of $2.8 million, I should have thought that would be a permanent structure, but I shall make inquires in any case.

[*Translation*]

VIA RAIL

STATEMENT BY MINISTER OF TRANSPORT—CUTBACKS IN SERVICE AND LAYOFFS—TRUCKING INDUSTRY SUBSIDIES

Hon. Louis-J. Robichaud: Honourable senators, I would like to ask the Leader of the Government in the Senate a few questions.

I have been interested in the problems of public transportation and freight for 35 years.

I listened with great interest this morning to the press conference given by the Minister of Transport of Canada, Mr. Benoît Bouchard. During the press conference, Mr. Bouchard told us that one of the reasons cuts had to be made in VIA Rail or rail services was that some provinces were asking the federal government for money for highway construction. He specifically mentioned the request of the New Brunswick government made by Premier McKenna for a billion dollars over several years to build secondary roads. New Brunswick is a corridor joining Nova Scotia, Prince Edward Island and Newfoundland to the other provinces of Canada.

Federal government grants to the provinces for new road construction and the request made by the Premier of New Brunswick for a billion dollars are two of the reasons mentioned by Mr. Bouchard for these budget cuts.

According to this statement, the New Brunswick government will receive a billion dollars from the federal government, if these budget cuts are accepted. Did I misunderstand?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I hope not, but I must admit that when my colleague, Mr. Bouchard, was giving his press conference, I was attending the weekly meeting of our national caucus.

But the logic seems very simple to me. The government will not be able to meet Canadians' expectations and needs if we continue to spend $600 million a year on a passenger service that is under-utilized by the general public.

[*English*]

Senator Robichaud: Honourable senators, I understand that VIA Rail receives $600 million per year in subsidies. Actually, my figures show $400 million in subsidies, but I accept the figure of $600 million. I am informed that hidden subsidies to the trucking industry in Canada, through the highway network spanning this country of ours, are to the tune of $4.3 billion per year. These hidden subsidies to the trucking industry in general amount to far more than the $600 million paid to VIA Rail. I stand to be corrected, but that is my information: $600 million in subsidies to VIA Rail and $4.3 billion in subsidies to the trucking industry. Generally speaking, in Canada trucks are allowed a maximum weight of 102,500 pounds per load, which is 28 per cent more than trucks are allowed to carry in the United States, and this despite the frost factor in Canada, which, of course, is far worse than it is in the United States. We are giving the trucking industry, without any scruples, $4.3 billion each year.

● (1430)

Now, let us consider the expenditures as of recently. During the last federal election the federal Minister of Transport, Stew McInnes, was in Halifax to open a $7.2 million repair facility right in Halifax, and he was very pleased to do that. In the same year, which was the year of the election, VIA Rail ordered 30 locomotives at a value of over $1 million each. The year before the election 30 more locomotives were purchased or ordered by VIA Rail at a value of more than $1 million each. All of that was done pending the election. During the election, of course, nothing was going to be happening to VIA. The service would be continued because they were spending those millions of dollars.

However, we were told by the Prime Minister to use it or lose it. And I will come back to that.

With respect to loss of employment, they are talking about almost 3,000 people being laid off because of this. I am informed that of those 3,000 people—or 2,600 people or whatever the figure is, I know I am close—some are electricians, some are plumbers and some are upholsterers. However, not only are they electricians, plumbers and upholsterers but they exercise their skills as specialists in their trades for locomotives. A 40-year old electrician, for instance, could not easily find a job in the labour market after specializing in electricity for locomotives. So he is in jeopardy. But that does not make too much difference, it seems, to the government.

I am making a plea here to the government, through the Leader of the Government in the Senate, to reconsider its decision, despite the announcement that was made this morning by the minister, Mr. Bouchard. It is a plea that, for reasons of common sense, and for humanitarian and monetary reasons, there be no cuts in VIA Rail service.

As for "using it or losing it," last Friday, when I was watching the baseball game on television in Ottawa—the game was played in Toronto—I saw the Prime Minister in the stands with his son watching the ball game. Well, that is perfectly legitimate, and of course I appreciate that. But I wondered then, and I am asking the Leader of the Government in the Senate now, if the Prime Minister and his son, and possibly some members of the cabinet, could have benefited from a VIA Rail coach ride from Ottawa to Toronto so that they could work during the trip, instead of using a more sophisticated method of transportation.

An Hon. Senator: Did you hear the question, Lowell?

Senator Murray: Honourable senators, there were a great many questions in the speech I just heard. I do not know how often the honourable senator takes the train. Not many of us do take it very often—certainly not many of us who travel outside the Montreal-Ottawa-Toronto corridor.

With regard to the supposed subsidy of $4 billion-plus to the trucking industry, I cannot vouch for that statistic. I am not sure the honourable senator can either. This matter of so-called hidden subsidies is certainly a question for debate, and I am not in a position to deal with it during Question Period.

So far as the activities of the government and VIA Rail in recent years are concerned, first of all, the new facility in Halifax to which the honourable senator referred will remain open because it is still needed and will continue to be needed. The same is true for the 30 locomotives that were ordered. As a matter of fact, in the past few years—well, since 1978—the government has invested over $1 billion in capital expenditures in VIA Rail; a quarter of that, a quarter of a billion dollars, was invested in the period from 1985 to 1988. Also, as the honourable senator knows, we have picked up the operating deficit year after year to the point where we are now faced with a subsidy of $600 million, and it is climbing.

With the decision announced today by Mr. Benoît Bouchard, we have decided to cut the service roughly in half. We want and will have a service that is national, in the sense that it does go from Halifax to Vancouver, but one that is affordable and sustainable. The capital expenditures we have made in the past, therefore, should not be considered as wasted money but as an investment in the future of an affordable and sustainable rail passenger service in the country.

By the way, so far as the past statements of Mr. Mazankowski and the Prime Minister are concerned, Mr. Mazankowski announced, when he was Minister of Transport, which is three or four years ago, that we would be reducing the subsidies to

VIA Rail to the order of $200 million or so. We did not meet that target in the last year or so, which is why we had to take the decisions that were announced today.

Senator Robichaud: Honourable senators, I stand by everything I said and I believe that what I said, including the figures, was relatively correct within a couple of hundred thousand dollars.

However, I should like to ask the Leader of the Government in the Senate if he would take the trouble to verify the figure of the hidden subsidies to the trucking industry of $4.3 billion on an annual basis. I should like him to check that.

Senator Barootes: Ask Ed Lawson.

Senator Murray: With respect to my honourable friend, he is putting forward a figure here and asking me to verify it. In order to do that I would need to have some idea of its source and of the methodology involved. If he will give me that information, I will ask my colleague and his officials in the Department of Transport to analyze it and let me have a comment, which I will be glad to convey to my friend.

Senator Robichaud: That is perfectly legitimate. Then I will ask the Leader of the Government in the Senate to supply the Senate with the exact amount of money being given to the trucking industry by way of subsidies on an annual basis.

Senator Murray: I will make inquiries, honourable senators.

[*Translation*]

NATURE OF CHANGES—REQUEST FOR CLARIFICATION

Hon. Azellus Denis: Honourable senators, I have a supplementary for the Leader of the Government in the Senate, also on VIA Rail.

I read the statement by the Minister of Transport, and I am inclined to congratulate him on the improvements at VIA Rail, such as the transcontinental service, seven feeder lines to the Corridor, eight lines to remote areas, the continental service, and so forth, where it says there will be so many trips per week.

Unfortunately, the statement does not say whether all this is the result of cutbacks or whether these are new services. There is a list of new VIA Rail services. For instance, it says here: Montreal-Ottawa, 22 round-trips weekly.

It looks good, and it is attractive to Canadians, whether they are francophones, anglophones or allophones. But it doesn't say what it is supposed to replace. Do these 22 round-trips represent an increase or a reduction in service?

Wouldn't it make more sense and wouldn't it be fairer to Canadians to specify: 22, instead of 10 or 12? The impression is given that 22 round-trips a week are something to be proud of.

We received the usual information kit with a lot of details but nothing about the items that interest us. Earlier, there was no mention of the jobs that would be phased out. You talked about the communities that would be served. The impression was given that there was no service to those communities before.

Consequently, all the documents we received on the subject of VIA Rail are just a way to camouflage a lack of facts and to provide misinformation to Canadians. Canadians don't know a thing about what has happened. They don't know about the successes and failures.

Could the Leader of the Opposition in the Senate bring us another sheet indicating how many round-trips there were before the cuts and how many we will have now?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I accept the criticism expressed by my friend, Senator Denis.

There is plenty of information for those who want it, including the honourable senator. In the specific case of the Ottawa-Montreal service which was raised by my friend, the new schedule represents a reduction in service. I don't have the exact number of trips before me, but it does represent a reduction in service between these two cities.

I promise to get further details, as requested by Senator Denis.

Senator Denis: For instance, wouldn't it be more useful for Canadians to know what these changes entail? Which communities will still be served and which communities will not and how many jobs will be lost in the process?

That is what Canadians want to know, not the history of VIA Rail, line productivity and suspension of corridors, and so forth.

The most important thing for Canadians is to find out what these changes are and how extensive they are.

Senator Murray: Honourable senators, Minister Bouchard has made a list of regional services and services that will be abolished as of January 15 next year.

He did not give all the details on the number of jobs that will be affected by this decision. However, I would urge the honourable senator to put a written question on the order paper, and I would then be delighted to obtain any information thus requested.

● (1440)

[*English*]

AIR DISASTER

FATAL CRASH OF UNITED STATES MILITARY AIRCRAFT NEAR FOUR FALLS, NEW BRUNSWICK—PARTICIPATION OF CANADIAN OFFICIALS IN INVESTIGATION—REQUEST FOR STUDY OF FLIGHT PATHS

Hon. Eymard G. Corbin: Honourable senators, I have a question for the Leader of the Government in the Senate. At approximately 6 o'clock this morning a K-135 Strato tanker crashed into the flank of a hill near Four Falls, New Brunswick. That location is a few miles from the village of Aroostook, a few miles away from the twin village of Perth-Andover and some 18 miles south of Grand Falls, in an area that is mainly known for its potato-producing activity. Therefore, it is an area comprised of rural and semi-urban development.

I have very sketchy information at this time. I do not know all of the specifics, but the aircraft was either landing at or taking off from Loring Air Force Base, which is just a few miles across the border from Four Falls. It was obviously on a high altitude refuelling mission to supply B-52 bombers, those obsolete aircraft, some of which carry nuclear warheads.

I would, of course, want to express publicly my sympathy to our friends at Loring Air Force Base, especially to the families of the three known dead airmen. One is still missing.

We have enjoyed good neighbourly relations with the American military personnel stationed at Loring Air Force Base. The border has not been divisive, and we have engaged over the years in a number of mutually beneficial activities on many occasions. So it goes without saying that I, personally, regret this tragic accident. I think I also express the feelings of the people that I like to call my former constituents, people I still represent here in the Senate of Canada.

Loring Air Force Base, as you know, is a Strategic Air Command base. The point I wish to raise with the leader is the following: I have been informed that U.S. military officials, the investigatory team, have cordoned off a number of square miles of the area where the crash occurred. I want to know whether Canadian investigatory officials of any stripe are involved in this exercise. I purposely ask the question in light of the obviously messy investigation which occurred following the Gander air crash some years ago.

It has been confirmed to me—but I stand to be corrected—that the crash occurred on Canadian soil. I want to be reassured that Canadian officials at the highest investigatory level are involved and that this is not solely in the hands of the U.S. military investigatory team.

I would be surprised if the leader had any specific answer to give me at this time, but I believe I have given him sufficient information and expressed sufficient concern to allow him to pursue this matter later if he does not have the information at hand now.

● (1450)

Hon. Henry D. Hicks: My honourable friend referred to the Gander crash. Did he not mean the Goose Bay crash?

Senator Corbin: No, I am referring to the Gander air crash; the plane on which U.S. military personnel were being repatriated from the Middle East.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, in the Gander situation, the case was investigated by the agency which, under our laws, was responsible for dealing with accidents involving civil aviation in this country. Although there were members of the United States Armed Forces on board the plane, it was a commercial flight.

I will make inquiries about the investigation into the crash to which Senator Corbin has referred. I do not know what reciprocal arrangements there may be between ourselves and the United States with regard to accidents involving military aircraft from the United States. In the case of military aircraft from our own country, I believe that would be a matter for the Department of National Defence to investigate.

Senator Corbin: Honourable senators, there are obviously mutually agreeable arrangements between the Canadian government and the United States government with respect to flying over each other's border, especially in connection with military flights and exercises.

I, for one, have been kept awake for hours on end in the middle of the night during the times I have spent in Grand Falls, New Brunswick, because of take-off exercises in which dozens and dozens of airplanes were flying at a low level and then climbing into the stratosphere.

The thing that has concerned me, and it concerns me even more today, is that this is not the first crash that has occurred out of the Loring SAC base. There have been few, but there have been previous crashes over the years. Fortunately, they have always been in unpopulated sectors of the area; therefore, no civilian population suffered any loss, thank God. But many of these flight exercises fly directly over towns in New Brunswick, such as Grand Falls, Aroostook village and Perth-Andover, and they do so at low levels when they are either coming in or taking off. I am worried that some day one of these planes will not achieve its altitude and will crash in the middle of one of these densely populated towns, with the ensuing tragic consequences that one can imagine.

In light of the fact that the B-52s have been declared somewhat obsolete from a military strategic point of view for some years, and due to the fact that these planes are surely showing signs of metal fatigue, and everything else you can possibly imagine, would it not be a good idea for the Government of Canada to request that the U.S. authorities re-examine the use of Canadian flight paths for these old crates?

Senator Murray: Honourable senators, I will take that question as notice as well.

THE CONSTITUTION

MEECH LAKE ACCORD—ATTITUDE OF MINISTER OF TRANSPORT

Hon. L. Norbert Thériault: Honourable senators, I do not know whether the Leader of the Government in the Senate is aware of the anger that exists in Atlantic Canada today after Mr. Bouchard's announcement regarding his VIA Rail cutbacks, but I suppose that many Atlantic Canadians like myself are concerned about a major decision that will affect all parts of Canada and will destroy an institution which has been part of Canada since Confederation. That very day I read an article in the *Journal de Montréal*, which stated that the same Mr. Bouchard, in a long press interview that he gave to the Canadian Press a few days ago, had said quite bluntly that if the Meech Lake Accord were not accepted he would pick up his marbles and go back to Quebec.

Is it fair in a country like Canada that a minister, who is supposed to be representing all of Canada, at the same time as he has made a decision that affects the well-being of many Canadians, states almost in the same breath that if he does not

get his way he will pick up his marbles and go back to Quebec—and we will be stuck with a decision that was made by such a minister? Does the Leader of the Government in the Senate agree with that approach towards governing this country?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is unacceptable for the Honourable Senator Thériault to distort the comments of Benoît Bouchard. It is even more unacceptable for the honourable senator to make these personal references in connection with a difficult decision that the minister has made with the full support of all of his colleagues. Mr. Benoît Bouchard is as good a Canadian as you are and an excellent Minister of Transport.

Some Hon. Senators: Hear, hear.

Senator Thériault: I have all the respect in the world for Mr. Bouchard as a person. That is not my point. He may be a much better person than I am and than you are as well; I am not questioning that. I am saying that he is making a decision on behalf of Canada, when, in fact, he is not assuring me that he is a Canadian.

Senator Murray: Fortunately, he does not have to satisfy the Honourable Senator Thériault of his patriotism.

NATIONAL PARKS

CREATION AND LOCATION OF NEW PARKS

Hon. M. Lorne Bonnell: Honourable senators, to return to patriotism and that great Canadian, I noticed he made an announcement, or said the other day before cabinet, that there would be 22 or 23 new national parks created in Canada. Could the minister responsible advise us, first, if that is the case, and, second, if the east coast of Prince Edward Island is considered as one of those possibilities for a park? If that is the case, could he give us the list of the names of the other 21 or 22 areas?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I would have to see the statement to which my honourable friend refers. I am not sure it is as simple as he states, that a decision and an announcement have been made that 23 new national parks are to be created, much less that the locales of such parks have been decided. I do not think we are anywhere near as advanced on those questions in our deliberations as the honourable senator would imply. However, I will make inquiries, and I will also look up the press report to which the honourable senator refers.

CANADA POST CORPORATION

PRIVATIZATION—REQUEST FOR DETAILS

Hon. M. Lorne Bonnell: At least you are advancing in that direction. My second question has to do with another minister. The minister responsible for the post office has suggested that the post office may be for sale. Could you advise us when it is likely to be sold and to whom it is being sold?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, when any decisions of that kind are taken, the honourable senator will be among the first to know.

• (1500)

Senator Bonnell: I thank the minister very much for saying that I will be one of the first to know. I wonder how much longer we will have to wait before we get the word on whether it is for sale. The Prime Minister said that Air Canada was not for sale, but shortly thereafter it was sold. The minister said that the post office would not be for sale. Now he says he is going to notify me first—that would be great; at least I can tell the people of Canada what is going to happen, because I am getting the first word from the minister. But I wonder if I could ask him this: How far advanced is the proposal to sell Canada Post?

Senator Murray: Honourable senators, what my colleague, Mr. Andre, was saying was that the privatization of the post office is an option that we should consider seriously, and we will do so.

VIA RAIL
CANADIAN NATIONAL RAILWAYS

PRIVATIZATION—REQUEST FOR DETAILS

Hon. M. Lorne Bonnell: Now that the government is seriously considering that, honourable senators, there is one other thing I should like to know: When does the government propose to sell VIA Rail and the CNR? It seems to me that another minister stated that there was a possibility that some branches of VIA might be put up for private sale as opposed to being closed down. Take Vancouver Island, for example; the whole island could be put up for private sale. When does the government propose to sell VIA Rail and the CNR?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The honourable senator is not only a renowned physician but a shrewd businessman, and I invite him to make us an offer.

Senator Bonnell: That is right, honourable senators, and I might just do that. Can the government leader tell me when he might be accepting my offer? As a shrewd businessman I have to know how much time I have to finance this transaction. How much longer do I have to wait before I can put in my tender?

Senator Murray: Honourable senators, these transactions take a willing buyer and a willing seller. I do not want to indicate that we are anxious to sell, but we would be interested in a proposal from the honourable senator.

Senator Bonnell: That is great. I will put all of the information into my computer and figure out whether it is economically sound.

Could the Leader of the Government in the Senate tell me whether I might receive a subsidy from the government in order to give this service to the public? If so, how many millions or billions of dollars would the government be prepared to give me by way of a subsidy?

Senator Murray: Honourable senators, I would not want to negotiate this matter on the floor of the Senate. I would want to deploy business people who are more experienced than I am to negotiate with the honourable senator. I would be at a considerable disadvantage in dealing with him.

Senator Bonnell: I will try to arrange a meeting between the government leader, myself, and the minister at an early date.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—GOVERNMENT ACTION—REQUEST FOR UNDERTAKING

Hon. H.A. Olson: Honourable senators, I should like to ask a question respecting a delayed answer given by Senator Nurgitz yesterday. He made it clear in the reply that the government is not even considering an assistance program for those farmers who have suffered from severe drought in 1989, which, by the way, is the sixth year in succession for some of them. The last paragraph of that answer states:

> The federal-provincial crop insurance review currently under way has a mandate to explore options for enhancing the program to ensure effective and predictable protection for producers in disaster years.

Since the present government took office the crop insurance premiums have gone up anywhere from 60 to 80 per cent. I wonder, therefore, if Senator Nurgitz would seek from the people who supplied him with this answer the assurance that the program will be not only effective and predictable but affordable.

Many farmers now know that the government is not going to put in place any program at all other than crop insurance. That is what the delayed answer stated. Can we be assured that the government will try to make this program affordable? Can we be sure that it will not steadily increase in cost under a Conservative government until it is completely unaffordable on the part of the producers?

Hon. Nathan Nurgitz: Honourable senators, I am not certain that I can give the undertaking that Senator Olson has requested, but I can undertake to get a clarification of the answer. Perhaps I can be somewhat clearer than I was yesterday.

Senator Olson: Would Senator Nurgitz give us a little more to that undertaking? I appreciate what he has already offered. Will he give us an undertaking that he will try to persuade those people who supplied him with that answer to negotiate when the federal and provincial governments get together for agreement so that it will be a more affordable program?

Senator Nurgitz: Honourable senators, I am not certain I can do that, but I will do whatever I can.

[Senator Bonnell.]

VIA RAIL

CUTBACKS IN SERVICE—NEW BRUNSWICK RIDERSHIP—STATUS OF HALIFAX MAINTENANCE FACILITY—ATLANTIC PROVINCES' DISPROPORTIONATE SHARE OF CUTBACKS

Hon. Charles McElman: Honourable senators, referring to the discussion between my colleague from Prince Edward Island and the Leader of the Government in the Senate, I remind the honourable government leader that he will be dealing with an absentee owner in the case of P.E.I., because there is nothing on rail there to sell him.

Aside from that, in his earlier answers today the Honourable the Leader of the Government referred to statements made by the Prime Minister and Don Mazankowski, when he was Minister of Transport—the "use it or lose it" comments—and said that at the same time there was a discussion of the need to reduce the government subsidy. I say to him that when Mr. Mazankowski, as minister, spoke in Saint John and made commitments primarily to Her Worship Elsie Wayne, the mayor of that city, there was no talk of subsidies. The minister said that there would have to be a ridership of 200,000 a year or the government would consider abandoning that service. Since that time the ridership in that area has increased anywhere from 240,000 to 260,000 a year. Now the people of that area are faced not only with "use it or lose it" but "use it and lose it" due to the great reduction that was announced today.

Just to make sure that the record is clear, the people of New Brunswick did meet the requirements set forth by the government, through Mr. Mazankowski, and that was confirmed by the Prime Minister himself in New Brunswick. Regardless of that, however, the reduction is taking place.

I would question one other comment made by the government leader. I believe he stated that the new repair shops that have been built in Halifax would be retained. Is that statement accurate?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I trust that we are talking about the same facility. I understand that a new servicing facility has been opened in the last little while and that it will be retained because there is still a need for it, but I will confirm that information.

Senator McElman: Honourable senators, I wish he would. Like him, I listened to the press conference—not only that given by the Honourable Benoît Bouchard but also the ones given by the Leader of the Opposition and the Leader of the NDP. Those were followed by a press conference given by Mr. Ron Lawless, President and CEO of VIA Rail and President of the CNR. My notes taken at the time indicate that Mr. Lawless made a clear statement that the maintenance facilities in Halifax will be closed, causing a loss of 190 jobs. He also stated that the total loss of jobs in the Maritimes area is 442. Will the Leader of the Government agree with me that out of 2,700 lost jobs 600-plus in the Maritimes area is a rather disproportionate share of the cost of this new regimen?

• (1510)

Senator Murray: Honourable senators, I think that on reflection the honourable senator would agree that we have bent over backwards to try to maintain service in and through the maritime provinces. The particular train that he refers to is what used to be called The Atlantic, which travelled through Halifax, Saint John, the United States, Sherbrooke and Montreal. That train will be running three times a week. What used to be called The Ocean, which travelled through Mont Joli and Moncton, will also be running three times a week.

Just for the record, let me state the information that is given to us by the minister concerning those two trains. In the case of the Montreal-Saint John-Halifax train, the ridership in 1988 was in the order of 243,000. That represents an occupancy rate of 61 per cent. The percentage of cost recovery of VIA for that service was just over 30 per cent and the subsidy per passenger was $116 on that route. In the case of the other train, Montreal-Mont Joli-Moncton, ridership in 1988 was 227,000, representing an occupancy rate of only 57 per cent, a cost recovery of just over 25 per cent and a subsidy per passenger of a bit over $101. Clearly, that is an unsatisfactory performance. It would not be justified to keep both of those lines going as they have been on a daily basis.

As far as the repair facilities in Halifax are concerned, I will attempt to get a clarification of that because I am speaking from memory. My memory tells me that the new facilities will be maintained, but I will have to confirm that.

Senator McElman: I am only relating what I heard Mr. Lawless say during his press conference.

In the whole scheme of things, although what is happening with the loss of jobs and so on is quite a blow of itself today, one has to bear in mind that P.E.I. has lost its service and Newfoundland has lost its service—wiped out.

Over a short period of years we have lost more than 2,000 jobs through the closing of the CNR shops in Moncton and a couple of hundred more through reduction of maintenance facilities at Campbellton. We have had our branch lines closed down—granted, not just in the last four or five years; I am talking about over a period of time—to the point where we do not have service any longer to handle our basic products of the Maritimes; in New Brunswick in particular: forest, fishery and agricultural products. There is a whole sad litany.

The minister announced today the closure, as of January 15, of the service from Halifax to Yarmouth; Halifax-Port Hawkesbury, Halifax-Sydney; Halifax-Moncton-Saint John; Moncton to Campbellton; and, Senator Simard, Moncton to Edmundston; as well as the cancellation of the connecting bus service from Moncton to Charlottetown. It is reaching the point where we are wondering if they are trying to close down the Maritimes. I do not think that will be possible for this or any other government, but we are getting an uneasy feeling down east.

Again, I say to the minister: Do you not feel that the Maritimes, the Atlantic region, is bearing a disproportionate share of the budget-cutting measures of this government?

Senator Murray: Honourable senators, that is not the case. With regard to the VIA Rail cuts, these are taking place in the Maritimes, as elsewhere, because those lines are severely underused by the travelling public. I have put some of the statistics on the record; he has the others in the same documentation that has been furnished by the Ministry of Transport.

The honourable senator also raised the question of rail freight services that had been reduced or cut in various parts of the Maritimes and mentioned the effect of this on primary products, and so on. He will find, again, that where a service has been cut it is because it was not being used and that the slack has been more than taken up by other modes of transport.

Hon. Azellus Denis: Honourable senators, there is no question of cuts in the statement of the minister! This is a question of the generous action of the government: three trips a week; four trips a week. There is no question of cuts!

TRANS-CANADA HIGHWAY

REBUILDING AND TWINNING OF NEW BRUNSWICK SECTION—FEDERAL FUNDING

Hon. Charles McElman: In light of the discontinuance of branch line services for freight and movement of our primary products and the present reduction of passenger rail service, I am sure the minister will appreciate that this will pour onto the highways of New Brunswick and the other maritime provinces even more traffic by truck and motor vehicles in general. Already the Trans-Canada Highway in New Brunswick, the corridor to and from P.E.I. and Nova Scotia, is in a deplorable state. It is largely a two-lane highway, and one which the Minister of Transport, Mr. Bouchard, and, indeed, the Prime Minister, have said is the worst in the country—the Trans-Canada.

Will the Leader of the Government in the Senate agree with me that there is now some urgency in the government's considering the long-standing request, which Maritimers were encouraged to believe might be met before the election, for federal assistance to do an emergency rebuilding and twinning of the Trans-Canada through New Brunswick for the benefit of all three maritime provinces? Indeed, all four Atlantic provinces? Will he not agree that there is some urgency in a decision being reached fairly soon towards the assistance that is essential to the completion of it?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I remind the house that there will continue to be rail passenger service six days a week from Montreal through New Brunswick into Nova Scotia. I do not believe that the reduction in rail passenger service that that involves will in and of itself create an intolerable burden on the highway system of New Brunswick. I agree with the statements the honourable senator and others have made about the condition of the Trans-Canada Highway in New Brunswick. He understands,

as I do, some of the background and the reasons for that situation.

● (1520)

I do not know what he means when he says that the Government of New Brunswick was encouraged to think, prior to the federal election, that their request would be granted. I was involved in some of the discussions with the Government of New Brunswick and from the beginning we made it clear to them that any decision on that request would have to be made in the context of an overall consideration of the Trans-Canada Highway throughout the country. That study has gone forward and we will have to deal with the results, and with the recommendation when it comes, but I am sure that no authorized person from the federal side has ever indicated to the Government of New Brunswick that a billion dollars, or anything like it, was imminent for this purpose.

Senator McElman: The honourable the leader has asked where I might have gotten the view that the government was sympathetic.

Senator Murray: Oh, we are sympathetic.

Senator McElman: The view came from the statements made by the minister who is front and centre today, the Honourable Benoît Bouchard, when he was in New Brunswick and made his comments that it was the worst of the Trans-Canada Highway in the nation and spoke in a most encouraging fashion that the federal government was sympathetic to giving major assistance in any program to do a rebuild. That is where the view came from. I do not believe I am in any fashion misrepresenting the minister and the impression he left, not just with the Government of New Brunswick but with the people of New Brunswick at large.

Senator Murray: Well, honourable senators, when the time comes to expand or rebuild or improve the Trans-Canada Highway, the federal government will, of course, be there. It is a given that a good deal of the money for that purpose will be federal money. I simply want to state that no decision or announcement on that matter is imminent. I do accept everything the honourable senator has said about the state of the Trans-Canada Highway in New Brunswick. Having said that, I also remind the house that this government and previous federal governments have contributed mightily to the construction and upkeep of New Brunswick highways through various ERDA and GDA subagreements over the past 15 years or more.

Senator McElman: I do not gainsay in any sense what the minister has just stated. However, he surely is aware that this has now become known locally—when I say "locally", I mean in the maritime provinces, not just in New Brunswick—as the "killer highway". A study has been done showing that for each year this is not upgraded there are going to be X number of deaths directly attributable not only to the condition of the highway but to the high-density use of this highway, which has only two lanes when all the experts say there should be four lanes for safety purposes alone.

Moving on to another matter—

[Senator Murray.]

Senator Murray: Excuse me, honourable senators. While I do not have the precise figures in front of me for the amount of money, there is a highway subagreement between Ottawa and Fredericton in force in the province of New Brunswick, and the expenditures that are made out of those funds, the projects that are subsidized out of that fund, represent the priorities in highway building of the provincial government.

Senator McElman: Principally attributed, with the agreement of the federal government, to main trunk highways other than the Trans-Canada Highway, as the minister knows. The Trans-Canada Highway is a different proposition entirely, and I am sure he is aware of it, with his background in New Brunswick for a period of years.

TRANSPORT

TERMS OF REFERENCE AND COMPOSITION OF ROYAL COMMISSION

Hon. Charles McElman: Moving on to another subject, the honourable the minister, Mr. Bouchard, made another announcement today that the Government of Canada is establishing a royal commission to study the whole matter of transportation, not just VIA Rail. Is that transportation in all of its phases in Canada or is it just rail transportation?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The royal commission will study passenger transportation and the movement of people. I saw the terms of reference some days ago and I will undertake to have them tabled here and, before I do that, to send a copy of them to my honourable friend.

Senator McElman: I would appreciate that very much. I was going to ask for the terms of reference.

Has there been any suggestion yet as to how this royal commission will be composed? Is it a one-man commission, a five-man commission?

Senator MacEachen: Erik is going to do it.

Senator McElman: Has there been any indication of who the commissioners will be?

Senator Murray: Honourable senators, it will not be a one-man commission; of that the honourable senator can be certain. It will be closer to a five-person commission, but I am not certain exactly how many members will be on it. The names of the chairperson and members will be announced in due course. Meanwhile, I can let the honourable senator have a copy of the terms of reference.

VIA RAIL

SUPPLEMENTING OF AMTRAK SERVICE

Hon. Charles McElman: I have one final item. In a press conference given by Mr. Lawless about an hour and a half ago reference was made to Amtrak. Mr. Lawless said that he understood that the Sarnia-Toronto and the Niagara Falls-Toronto services given by Amtrak would continue and that he

would be talking further with the present CEO of Amtrak in that regard. Then he went on to say that VIA Rail will be supplementing these services provided by Amtrak.

I wonder how it can be rationalized to subsidize and supplement a service which, too, costs money to the Government of Canada while we remove all these services in Atlantic Canada.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I did not see the press conference that Mr. Lawless gave. I will have an inquiry made as to the statement that Senator McElman has attributed to him and see what we can report on that.

PROPOSED VIA RAIL ACT—GOVERNMENT INTENTION

Hon. Charles McElman: For some time it has been urged on the Government of Canada that it bring forward a VIA Rail act, and it has been referred to repeatedly as more than a possibility. Mr. Lawless today said that VIA "would continue to encourage"—those were his words—Minister Bouchard to bring forward a VIA Rail act.

Is it the intention of the government to bring forward a VIA Rail act prior to the report of the royal commission which is to be established?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think the answer to that question would be no.

• (1530)

Senator McElman: Will the leader advise Mr. Lawless or shall I?

Senator Murray: Mr. Lawless will continue to encourage the government, as he has said, but, unless there is some urgency to the matter, it seems to me that this is something that can wait until we have the considered report and recommendations of the royal commission.

[*Translation*]

DISTINGUISHED VISITORS IN GALLERY

BELGIAN PARLIAMENTARY DELEGATION

The Hon. the Speaker: Honourable senators, before continuing with our business, I should like to mention the presence in the Visitors' Gallery of a parliamentary delegation from Belgium now visiting Canada and headed by Mr. Charles-Ferdinand Nothomb and Mr. Edward J. Leemans, Senator and Honorary President of the Senate.

Hon. Senators: Hear, hear.

[*English*]

FISHERIES

ENVIRONS OF CANSO—EXCLUSIVITY OF TUNA FISHERMEN'S LICENCES

Hon. John B. Stewart: Honourable senators, yesterday the Acting Deputy Leader of the Government was kind enough to present delayed answers to questions asked by Senator Bonnell and myself about tuna fishing in the waters adjacent to Canso, Nova Scotia.

In the answer to my question it is indicated that the fishermen from the Gulf—and by that I mean fishermen from Prince Edward Island and from the Gulf shore of Nova Scotia—were permitted to catch, in total, 35 tonnes of tuna in the Atlantic. According to the figures given in the answers, 497 licences are held by Prince Edward Island and Nova Scotia Gulf fishermen. The answer states that only 31 licences are held by fishermen from southwest Nova Scotia. The clear implication of the answers given to Senator Bonnell and me is that those 31 licensees have the exclusive right to fish for tuna along the whole length of the Atlantic coast of Nova Scotia, except with respect to the 35-tonne special provision. Would the leader confirm that that is a correct interpretation of the answers?

Let me put it this way: Aside from any special concession, such as the 35 tonnes in 1989, do the 31 licensees from southwest Nova Scotia have the exclusive right to fish in waters adjacent to Canso, Nova Scotia? I do not expect the leader to have this kind of detailed information today, but would he get it to clarify the answers already given?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I am grateful for the consideration of the honourable senator. I shall obtain the information, if he will bear with me for another day or so.

VIA RAIL

CUTBACKS IN SERVICE—EMPLOYEE SENIORITY AND PENSION RIGHTS—LACK OF INTEREST IN OBTAINING BUSINESS

Hon. Charles Turner: Honourable senators, on May 4 and May 18 I asked the Leader of the Government in the Senate questions regarding employee seniority and pension rights. On May 18 the leader said: "That is a hypothetical question at this point." Now that is reality. What happens to employee seniority and pension rights? Do they revert to the CNR or CPR, or will they receive severance pay and be put out on the street after many years of loyal service?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the question is very general. There are, as he knows, employees of VIA Rail who I believe were former employees of CNR or CPR who have what are called, if I am not mistaken, tunnelling rights, the right to go back to the CNR or the CPR. I assume that they will avail themselves of those rights.

Further to that, the minister, Mr. Bouchard, has indicated in his statement that the government is directing VIA Rail to treat its employees in a most generous fashion and, of course, in full compliance with all of the collective agreements and legal requirements.

I may say that some of the collective agreements in that area are, as Senator Turner would, I hope, be one of the first

to acknowledge, the envy of organized labour in other sectors of the economy.

Senator Turner: Honourable senators, when VIA Rail was created the top half of the employee seniority list was taken from the CPR and CNR and transferred from freight to passenger service. It seems common sense now, if they are going to be cut, that they should revert back. This means that the employees on the lower end of the seniority list will have to go out on the street. Is that a good situation as far as the Government of Canada is concerned?

Senator Murray: The honourable senator knows—I was going to say as well as I do, but knows better than I do—how these seniority arrangements work. It is true that when a certain number of present employees of VIA Rail avail themselves of their tunnelling rights to go back to CNR or CPR, as the case may be, others now higher on the seniority lists at CNR and CPR will have their seniority affected. But that is the way it works. I cannot undertake on behalf of the government, or on behalf of VIA Rail, to say that these arrangements will be without any adverse impact at all on those employees. I cannot do so. There are indirect effects and we do not try to conceal that. I have simply said that the government has directed VIA Rail to exercise the utmost generosity in this matter. Of course, the legal requirements and collective agreements will be scrupulously adhered to.

Senator Turner: I sometimes wonder whether or not VIA Rail is interested in new business. I know of a big corporation in London, Ontario, that tried to get a special train to take its employees to a Blue Jays baseball game. They got no answer, and finally hired 43 buses. That is the way VIA Rail is interested in looking after the public of Canada. If that happens in southwestern Ontario, it no doubt happens in the rest of Canada. That is why there is no business for VIA Rail.

CUTBACKS IN SERVICE—COST OF SEVERANCE PAYMENTS

Hon. Charles McElman: Supplementary to Senator Turner's question, the unions have placed a figure of $1 billion on the cost to VIA over the period of years involved, because some employees, under their contracts, have many years to go before retirement and they are guaranteed by their contracts that on severance they will receive full pay, which mounts up rapidly.

In any event, the unions have placed a figure of $1 billion on that cost. Mr. Lawless, in his comments, placed a figure of $145 million on that.

Would it be possible, when the leader is gathering this information, to bring us the government's estimate of what that cost will be?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I shall do so, honourable senators.

[Senator Murray.]

AGRICULTURE

HOG INDUSTRY—UNITED STATES COUNTERVAIL ACTION—GATT AND FTA APPEALS

Hon. Gildas L. Molgat: Honourable senators, my question is for the Leader of the Government in the Senate and relates to the hog industry. As I am sure my colleague is aware, the industry is under very severe pressure at this time. In spite of the Free Trade Agreement with the United States, recently the industry has been saddled with a countervail by the Americans, making it extremely difficult for Canadian producers to sell on the American market at a price that gives them any kind of return.

In the province of Manitoba a major packing plant is going to close in the month of December, and there is a very serious problem caused by the American decision in this regard.

• (1540)

The government has said that it is going to make an appeal to GATT and to the mechanism which was established with the Americans. Could the Leader of the Government in the Senate tell me whether or not those appeals have been launched, and, if so, when they were launched? And when does the government expect to have an answer?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I had started to search my notes on that question, but rather than delay the Senate at this time I will obtain the information and send it to the honourable senator before we meet again.

Senator Molgat: The matter is of some urgency, as I am sure the minister will appreciate. If there is a long delay in making the decision, it is not of great help to the industry. It is important that a decision be made quickly so that the people who are in the business can plan their future.

Senator Murray: Well, honourable senators, my information is that the industry is very supportive of the decision that we have taken to appeal under both the GATT and the Free Trade Agreement on this countervail. I agree with the statement that the honourable senator has made, but I shall obtain the further details that he has asked for and convey them to him in a day or two.

DELAYED ANSWER TO ORAL QUESTION

Hon. Nathan Nurgitz: Honourable senators, I have the delayed answer to one question, which is rather lengthy. The only other comment I would make is that it was a question asked by Senator Perrault, who is not in the chamber today. May I ask that the answer appear in today's *Hansard*, if that is agreeable?

Hon. Senators: Agreed.

CANADA-UNITED STATES FREE TRADE AGREEMENT

RESULTANT JOB LOSSES IN CANADA—GOVERNMENT MONITORING AND GRANTS

Hon. Nathan Nurgitz: Honourable senators, I have a delayed answer in response to a question asked in the Senate on September 26, 1989, by the Honourable Raymond J. Perrault regarding Canada-United States Free Trade Agreement—Resultant Job Losses in Canada—Government Monitoring and Grants.

(*The answer follows:*)

TRENDSET WORLDWIDE ENGINEERING CORP.

The company was established in 1985. It manufactures concrete interlocking stone making machinery. It presently has on staff seven full time employees and has sold three machines to date.

In a joint venture with a U.S. company, it recently converted a stationary interlocking stone manufacturing plant to a mobile unit which is now operating in Washington state.

The only government assistance that the company has received is for two National Research Council (NRC)-Industrial Research Assistance Progam (IRAP) projects to develop proper mixes to be used with the machinery.

NEXUS ENGINEERING CORP.

Nexus Engineering Corp. manufactures a broad range of radio frequency communications products for satellite television, cable television, and broadcast television.

Most products supplied by Nexus will have their tariffs reduced under the Canada-US Free Trade Agreement over a period of 10 years.

In recent years, Nexus has been the recipient of ISTC grants and contributions totalling close to $1.4 million for expansion and product development purposes.

In 1986, Nexus Engineering Corp. had 90 employees. In 1987, employment in the company stood at 140, while in 1988 it jumped to 190.

MTC ELECTRONIC TECHNOLOGIES

MTC Electronic Technologies is a new enterprise planning to assemble television receivers from imported parts kits, for sale in the low end of the market. The company anticipates employment will be at 90.

Under the Canada-U.S. Free Trade Agreement, the U.S. tariff on assembled TV sets, currently at 5% for colour sets, is scheduled to be phased-out over a 10-year period.

MTC Electronic Technologies has received no government funding.

RADIO ACT

BILL TO AMEND—THIRD READING

Hon. Nathan Nurgitz, for the Honourable Solange Chaput-Rolland, moved the third reading of Bill C-6, to amend the Radio Act and certain other acts in consequence thereof.

Motion agreed to and bill read third time and passed.

[*Translation*]

CUSTOMS TARIFF

BILL TO AMEND—THIRD READING

Hon. Roch Bolduc moved the third reading of Bill C-17, an Act to amend the Customs Tariff.

Motion agreed to and bill read third time and passed.

[*English*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

October 4, 1989

Sir,

I have the honour to inform you that the Honourable Beverley M. McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 4th day of October, 1989, at 4:45 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Jean M. Sévigny
Deputy Secretary, Operations

The Honourable
The Speaker of the Senate
Ottawa

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Beaudoin calling the attention of the Senate to the Meech Lake Constitutional Accord and to the *Canadian Charter of Rights and Freedoms*.—(*Honourable Senator Hicks*).

Hon. Henry D. Hicks: Honourable senators, I am prepared to speak briefly on order No. 6, and I think there will be plenty

of time before 4:45 p.m. as I only expect to speak for 15 minutes.

Honourable senators, this motion, moved by Senator Beaudoin on the June 29, was spoken to not only by him but also by Senator Frith on September 26.

Senator Frith dealt almost exclusively with the aspects of the Meech Lake Accord that had to do with the so-called "distinct society" of the province of Quebec. I have no intention of elaborating on what Senator Frith had to say about the "distinct society". It seems to me that the "distinct society" relating to the province of Quebec is an observable fact, and there may be other distinct societies in different parts of Canada. But I agree quite cheerfully that the obviously "distinct society" in the province of Quebec is more evident than, let us say, the societies of Newfoundland, Cape Breton Island or some other parts of Canada.

An Hon. Senator: Hear, hear.

Senator Hicks: I recognize this. I think it is a fact that the society of the province of Quebec is distinct, and perhaps its distinctness is enhanced by the language situation and by the application of the Civil Code in the province of Quebec, which makes its jurisprudence different from that of any other province in Canada. So I recognize this and I do not think it requires any comment, although I must admit I do not think I would have felt it necessary to write this into the Constitution of Canada.

I am not as concerned about the effects of a "distinct society" as Senator Frith is, although I must say that I found his recital of the possible consequences disturbing, as I did the expressed attitude of the Premier of Quebec, Premier Bourassa, and his inferences as to what can be concluded from the so-called "distinct society" of that province. If this concept can override the Charter of Rights and Freedoms, then I think it is a matter of concern for every Canadian in every part of Canada. However, I am prepared to let Senator Frith's remarks about the "distinct society" stay on the record, and I do not think it is necessary for me to elaborate any further on it.

My chief concern about which I speak today is quite different. It is the fact that the Meech Lake Accord brought about the devolution of federal powers and authority from the central government to the provinces of Canada. I have thought about this for a long time. When I entered politics in 1945 I did so in the provincial legislature of the province of Nova Scotia, subsequently becoming a minister, and for a short time the first minister of the Government of Nova Scotia. I succeeded a well-known and highly respected Nova Scotian, the Honourable Angus L. MacDonald, who was very much a provincial rights person. When he returned to Nova Scotia after serving in World War II, he had a distinctly antagonistic attitude towards the Government of Canada. Indeed, I was so concerned about it that I think, if Angus L. MacDonald had lived another two or three years, he and I would probably have had to have some kind of confrontation about this. I felt that his attitude in support of provincial rights and provincial powers was actually going to be detrimental to the interests of the province of Nova Scotia.

• (1550)

Canada, in my opinion—and I held this view even when I was a provincial politician and Leader of the Government of Nova Scotia—does not need stronger provincial governments. Canada needs a stronger central or federal government. It is this aspect of the Meech Lake Accord that concerns me more than the obvious recognition of the distinctness of the society of the province of Quebec.

Another aspect of this, of course, is that, if we enhance the powers of the provinces of Canada at the expense of the central government, we are putting the big, powerful provinces in a much more important and influential position. This will indirectly reflect upon the power and authority of the smaller provinces of Canada. It seems to me, therefore, that to devolve central authority from the federal government to the provinces means to enhance indirectly the authority of the big provinces—largely of Quebec and Ontario—at the expense of the other provinces of Canada.

Honourable senators may ask me why I think that the Meech Lake Accord enhances the powers of the provinces. I think it is quite obvious, and, again, I do not need to spend a lot of time talking about it. The opting-out provisions, with compensation, of course, constitute one obvious answer to that question. The amending formula proposed in the Meech Lake Accord is, in my view, absolutely ridiculous and unworkable. Unanimous consent ought not to be required. It seems to me that if we could have stuck to something like the so-called "Victoria formula", or any requirement involving, for example, the concurrence of seven provinces containing a majority of the population of Canada, that would have been more workable. I am afraid that with the requirement of unanimous consent, which the Meech Lake Accord stipulates, it will be virtually impossible to amend the Constitution of Canada, including, for that matter, the making of changes to the authority and the powers of the Senate under the Constitution of Canada. I do not think that that is what the premiers and the Prime Minister of Canada, who subsequently met here in Ottawa, really intended to do. Honourable senators, I am not happy about this at all.

I could also mention the immigration provisions that are contained in the Meech Lake Accord. I think these will have the effect of balkanizing Canada. I do not see how we can have an immigration policy that is controlled by individual provinces, because we are going to allow the people from Nova Scotia to move to Quebec and the people from Quebec to move from British Columbia, and so on. It seems to me that creating a provincial authority in respect of immigration is not going to prove to be workable at all. It seems to me that the Meech Lake Accord was flawed from the very beginning.

We should remember that in 1867 the so-called Fathers of Confederation had been working for three years or thereabouts in order to agree upon the British North America Act, with their conference in Charlottetown, a subsequent conference in Quebec, and so on. It was a long, detailed, thoughtful process.

Even in 1982, when we patriated the Constitution, it was the result of meetings in various places in Canada that had extended over a period of years prior to 1982.

In 1987 the premiers of the provinces and the Prime Minister of Canada got together and, in a frantic, sudden-death meeting at Meech Lake and a midnight session in Ottawa, hammered out an ill-conceived and ill-constituted constitutional provision for Canada. I think that the analogy of a hockey game is not inappropriate here: at Meech Lake and the subsequent meetings the ten premiers of the Canadian provinces showed up to represent the provinces of Canada. The Prime Minister of Canada acted as referee, and nobody showed up to represent Team Canada at all. So the concessions were all made to provincial authorities without sufficient regard to the integrity of Canada as a nation and its central government. Honourable senators, I suggest that it was a flawed agreement. I am not at all happy now to listen to the threats—and they are threats, in my opinion—that Premier Bourassa is uttering as to what will happen if the other provinces, the "English-speaking Canadians" as he usually says, do not agree to the Meech Lake Accord.

The Meech Lake Accord requires much greater study, clarification and, perhaps, elaboration. I, for one, am not impressed by Premier Bourassa, or by some of his ministers. Indeed, we heard earlier this afternoon Senator Thériault referring to the Honourable Benoît Bouchard and his threats about what will happen if the rest of Canada does not adopt the Meech Lake Accord.

Those are my concerns, honourable senators, about this accord. I must say I earnestly hope that this flawed agreement will not become a part of the Constitution of Canada. I hope that New Brunswick and Manitoba will stick to their positions and that they will be joined by other thoughtful provincial administrations. The Meech Lake Accord ought not to become part of the Constitution of Canada.

On motion of Senator Nurgitz, debate adjourned.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Nathan Nurgitz: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 17th October, 1989, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Nurgitz: Honourable senators, at this point Senator Doody, as Deputy Leader of the Government, is usually put to some sort of test as a result of an inquiry from Senator Frith as to what proceedings are on the agenda of the Senate. I could point out several of those matters, but I am sure that honourable senators are aware of the various committees that will be meeting during the adjournment of the house. However, in addition, on Wednesday next, October 11, senators are invited to join with our colleagues from the House of Commons to hear an address by King Hussein at eleven o'clock a.m. in the House of Commons. I merely wanted to leave those thoughts with honourable senators.

Hon. John B. Stewart: I ask the honourable senator if he can give some indication of when new legislation will be coming forward from the other place.

• (1600)

Senator Nurgitz: I have no specific information. It was expected that some legislation would be coming through by next week, but even that was in doubt, and for that reason Senator Doody indicated to the Deputy Leader of the Opposition that it did not seem worthwhile sitting around and waiting. The committees will proceed with their work and it is hoped that by October 17 there will be further legislation before us.

Senator Stewart: All right.

Motion agreed to.

AGRICULTURE AND FORESTRY

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Finlay MacDonald, for the Honourable Efstathios William Barootes, pursuant to notice of Tuesday, October 3, 1989, moved:

> That the Standing Senate Committee on Agriculture and Forestry have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matter of bills and estimates as are referred to it.

Motion agreed to.

CANADIAN FINANCIAL INSTITUTIONS

BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO CONDUCT STUDY ON FUTURE AND OWNERSHIP

Hon. Sidney L. Buckwold, pursuant to notice of Tuesday, October 3, 1989, moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study the future of Canadian financial institutions in a globally-competitive and evolving environment and, in particular, the ownership of such institutions; and
>
> That the Committee present its final report no later than March 31, 1990.

He said: Honourable senators, for the record, I should support my motion. However, feeling like the last speaker on a long program, I will try to make my speech as abridged as possible. But I do feel that it should be included in *Hansard*.

Honourable senators, in May of 1986 the Standing Senate Committee on Banking, Trade and Commerce issued its report entitled: "Towards a More Competitive Financial Environment", dealing with the regulation of Canadian financial institutions. That report has received considerable attention since its release and can be said to have made a genuine contribution to the debate over the future shape of the Canadian regulatory environment.

Nevertheless, it has been over three years since the Banking Committee last examined the state of the financial services industry, and the competitive environment facing Canadian institutions has certainly not been static. Regulatory developments at the national and international levels are raising the degree of competition in national financial markets while financial innovation and new technologies continue to erode the importance of national boundaries.

At the international level agreements such as the Canada-U.S. Free Trade Agreement and the European Community's 1992 program could have serious implications for the Canadian financial services industry. As many honourable senators on the Standing Senate Committee on Foreign Affairs are aware, the Free Trade Agreement lifts restrictions on the growth of U.S.-owned Schedule B banks, bringing them into closer competition with the Canadian chartered banks. The European program to integrate the EC internal market by the end of 1992 will affect the competitive environment of Canadian financial institutions operating abroad, but may also have implications for regulation and competition in financial services within Canada.

At the national level the four pillars of the Canadian financial systems—that is, the banks, trust companies, insurance industry and security dealers—continue to erode as firms engage in activities outside the core activities associated with them. For some time now banks have been offering mortgages in competition with trust and insurance companies, while trust companies are making commercial loans, which traditionally have been the preserve of the chartered banks. Recently several banks have made forays into the insurance business by referring mortgage customers to specific insurance companies to obtain life insurance for their mortgages.

Among the thorniest issues facing the government, honourable senators, in designing a financial regulatory environment for the 1990s and beyond is the question of ownership. Specifically, how widely held should the shares of financial institutions be, and should ownership links between financial firms and non-financial firms, that is, commercial firms, be permitted? The issue revolves around concerns about concentration in financial markets and in the overall economic and political system. It also raises questions concerning conflicts of interest and self-dealing between financial firms and their commercial affiliates that could affect the solvency of individual financial institutions and the economic efficiency of the financial system.

Before discussing the issue, it is important to be aware of the current ownership restrictions affecting Canadian financial institutions. At present Canadian federal regulations do not prohibit ownership links between financial and non-financial firms. However, the rule that individual investors, resident or nonresident, may not hold more than 10 per cent of the shares of a Schedule A bank ensures that the major banks remain widely held and, consequently, without significant commercial links. In aggregate, nonresident investors may not hold more than 25 per cent of Schedule A banks, but under the Canada-U.S. Free Trade Agreement American investors are exempt from this provision. Schedule B banks, on the other hand, are wholly owned subsidiaries of foreign banks that may or may not have commercial interests.

The situation is quite different with respect to the ownership of all federally chartered trust and life insurance companies, as the federal government does not limit the ownership of these by Canadian residents. However, individual nonresidents may not own more than 10 per cent of the shares of these financial institutions and not more than 25 per cent in aggregate. Under the Free Trade Agreement American investors are not subject to this so-called "10/25 rule." The lack of domestic ownership rules for trust, loan and insurance companies has resulted in the majority of these companies becoming closely held with many of their affiliates having commercial interests.

Legislation in Ontario and Quebec does not require wide ownership of securities dealers or of provincially chartered trust, loan and insurance companies, and neither province prohibits commercial links with these financial institutions. With respect to foreign investors, the 10/25 rule does apply to ownership of trust and loan companies chartered in either province and to insurance companies chartered in Quebec. American investors are not exempted by the FTA from either province's 10/25 rule.

This gives you some idea, honourable senators, of the complications of the ownership requirements of our financial institutions and is one of the major reasons why it is important that our committee review these with some recommendations.

The provinces and the federal government share jurisdiction with respect to insurance companies and trust and loan companies. There appears to be a strong divergence of philosophy between these jurisdictions when it comes to ownership rules; yet it is not at all clear that such divergence can continue over time. A similar problem exists with respect to institutions residing in different pillars but competing directly with each other. Good examples are banks and trust companies.

● (1610)

Honourable senators, at the international level, in addition to the Free Trade Agreement, the European Community's 1992 program could have serious implications for the Canadian financial services industry. The European program to integrate the EC internal market by the end of 1992 will not only affect the competitive environment of Canadian financial institutions operating abroad but may also have implications for regulation and competition in financial services within Canada.

Honourable senators, internationally, financial markets in very recent years have changed dramatically. "One world" has

become a reality in financial terms. Globalization in Canada's financial markets was the subject of a recent in-depth study by the Economic Council of Canada.

In conclusion, I want to quote from the introduction to that particular study by the Economic Council:

> Canadians have entered such a new frontier—a global financial market, where innovative products have shattered the traditional ways of doing business. Traders operating through modern telecommunications from many parts of the world, and foreign institutions recently established in Canada, now offer financial services to Canadians in direct competition with domestic chartered banks and securities firms. For their part, Canadian financial institutions offer many similar services to customers in New York, London, Sydney, or Hong Kong. These developments have brought some benefits to Canadians, and they have the potential to offer more. But they have also helped to erode many of the traditional safeguards of the Canadian financial system.

Honourable senators, it is for these reasons that the committee wishes to return to its study of financial institutions in this country. We believe that such an endeavour can contribute significantly to the development of a modern legislative framework for this sector. I would ask you, as you already have, to support the motion.

Hon. Efstathios William Barootes: Would you entertain a question, Senator Buckwold, a respectful question?

Senator Buckwold: So long as the representative of Her Majesty the Queen does not mind waiting, I will be glad to answer all of the questions.

Senator Barootes: My question will be short; I cannot vouch for your answer.

I should like to know if this is a cryptic way of doing a prestudy of an anticipated bill that is coming from the House of Commons, and, if so, could we extend it to other forthcoming bills?

Senator Buckwold: I think it is generally understood that there will be legislation coming forward in due course involving banks, trust companies and insurance companies, all covered by various acts.

Senator McElman: Abortion?

Senator Buckwold: Well, that is not part of the financial scene. It may be, in the end; I am not sure.

Senator McElman: You are talking about bills that might come forward.

Senator Buckwold: But I think it is quite fair to anticipate that these will be coming through. I am not quite sure when. Certainly, that will not interfere with the kind of study that we would like to undertake as soon as possible. I am sure that we will not have all that legislation in. If some of it does come in, it would be very useful for us to be able to know that we have looked at it and have had the expression of views of those people in affected institutions. I hope that gives you some answer to your question.

Senator Barootes: Thank you.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I will not take very much time, except to say that I do want to support the motion and to assure the chairman and the members of the committee that we intend to give him and his committee all the support we can to bring about a successful study of this very important question. We on this side attach a very high priority to the cluster of issues that Senator Buckwold has mentioned in his statement.

It may be of some help to Senator Barootes in understanding the genesis of this particular motion if I refer to the fact that the Senate did authorize the Standing Senate Committee on Foreign Affairs to monitor the Free Trade Agreement, and we did begin hearing evidence on the financial chapter of the Free Trade Agreement. We found that because it raised so many important issues it ought to be dealt with more directly by the Banking, Trade and Commerce Committee. So that is, in a sense, the source, at least from my point of view, of this particular study.

It so happens that the chairman and his committee were thinking along the same lines, but it was very easy on our side to identify this as a major priority and to give it full support.

Now, I draw to the attention of those senators who are interested that we did hear two particularly important witnesses on this subject. One was Mr. Humphrys, who acted for some years as Superintendent of Insurance. He came before the committee and gave a very complete history of the evolution of Canadian financial institutions, and how, for so many years, the distinctiveness of each of the pillars had been maintained and then how, gradually, the relationships between each of them became blurred. He also outlined for us how jealous successive Canadian governments have been historically in ensuring Canadian ownership and control of our financial sector. Certainly, the committee will be studying the questions that were raised in his testimony, and I am sure that Senator Buckwold has already read the testimony.

A second witness we heard was Mr. Richard Cooper, who is now a professor at Harvard, but who had been either Undersecretary of State or Assistant Undersecretary of State for Economic Affairs during the Carter presidency. He gave us a very interesting account and analysis of the worldwide integration of financial services.

The evidence presented by both of these men raised so many important questions that it is easy to justify the reference that is now put forward by the chairman of the Banking, Trade and Commerce Committee. We regard it as a major priority of the Senate and we will support Senator Buckwold fully in his work.

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Nathan Nurgitz Honourable senators, in moving the adjournment during pleasure to reassemble at the call of the bell in about ten minutes' time, I wish to remind honourable senators that the Internal Economy Committee had planned to use this interim time, and will do so, in consultation with Senator LeBlanc. I remind honourable senators who are members of the committee, and others who wish to attend, that the meeting is being held in room 256-S. We will meet now and immediately after Royal Assent.

So, with that reminder, honourable senators, I move that the Senate do adjourn during pleasure, to reassemble at the call of the bell at approximately 4.40 p.m.

The Senate adjourned during pleasure.

• (1700)

At 5 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Beverley Marian McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Honourable Beverley Marian McLachlin, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on her part necessary to be done during Her Excellency's pleasure.

The Commission was read by a Clerk at the Table.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Radio Act and certain other Acts in consequence thereof (*Bill C-6, Chapter 17, 1989*)

An Act to amend the Customs Tariff (*Bill C-17, Chapter 18, 1989*)

An Act to amend the Canadian Exploration and Development Incentive Program Act (*Bill C-19, Chapter 19, 1989*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, October 17, 1989, at 2 p.m.

THE SENATE

Tuesday, October 17, 1989

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

Prayers.

TERRORISM AND PUBLIC SAFETY

SECOND REPORT OF SPECIAL COMMITTEE—ERRATUM TABLED

Hon. William M. Kelly: Honourable senators, since the report of the Special Committee of the Senate on Terrorism and Public Safety was tabled in the Senate, we have discovered that it contained certain minor errors and information which needed better explanation. For example, subsections 6(1) and 6(2) of the Security Offences Act were mistakenly referred to in the report as subsections 61(1) and 61(2). I might say, honourable senators, that originally in 1984, when the CSIS Act was passed, Part IV of that bill constituted the Security Offences Act. In 1988 that part was removed from the CSIS Act and the subsections were changed; that is why, for technical purposes, it should be corrected.

We would also like the graphs that appear in Appendix "A" to be more exact, with respect both to the data cited and to the terms used. If honourable senators agree, I will table, in both official languages, an erratum to the Senate report entitled Terrorism, tabled in the Senate on June 28, 1989. We will ensure that the erratum is inserted into the printed copy of the report when it is distributed to the public.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

HIS MAJESTY KING HUSSEIN I OF JORDAN

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS PRINTED AS APPENDIX

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I ask that the address of His Majesty King Hussein I of Jordan, delivered on Wednesday, October 11, 1989, to both houses of Parliament, together with the introductory speech by the Right Honourable the Prime Minister of Canada and the speeches of the Speaker *pro tempore* of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of speeches, see Appendix "A", p. 569.*)

THE HONOURABLE RAY HNATYSHYN, P.C.

TRIBUTES ON APPOINTMENT AS GOVERNOR GENERAL OF CANADA

Hon. Sidney L. Buckwold: Honourable senators, I should like to take this opportunity to express the very great pride of the people of Saskatchewan, and especially the citizens of Saskatoon, in the appointment of Ray Hnatyshyn as the next Governor General of Canada.

Hon. Senators: Hear, hear!

Senator Buckwold: You can well understand the feeling of those of us who come from that fine province to know that one of our native sons has been given this great honour—a well deserved tribute for distinguished public service in every aspect of community life. Our future Governor General was born and educated in Saskatoon, went through university and practised law there. It may interest some of you to know that his father was a distinguished senator—as far as I know, the first person of Ukrainian heritage to be appointed to this chamber. Ray himself was employed for a short period as an assistant to the then government leader of the Senate during Mr. Diefenbaker's time.

I can tell honourable senators that all of us in Saskatchewan are just beaming, and I am sure that across the nation the feeling will be one of great satisfaction that in this country an outstanding citizen can be appointed to our highest office, even though his parents were not born in this country but came here as immigrants and worked their way up from poverty to become leading citizens of the country. It is a real tribute not only to Ray but to those like him, that, from humble beginnings, they have been able to take their place in this country and make their great contribution.

Honourable senators, on behalf of the people of Saskatoon, the people of Saskatchewan, and, I would like to think, the people of Canada, I express my congratulations to this fine gentleman.

Hon. Senators: Hear, hear!

Hon. R. James Balfour: Honourable senators, I should like to echo the remarks made by my friend, Senator Buckwold, concerning the appointment of Ray Hnatyshyn as Governor General of Canada. Ray is an old friend of my mine, having been a colleague in the practice of law in Saskatchewan and then a colleague in the other place for several years. He has remained a close and good friend throughout. I know that both he and his charming and talented wife, Gerda, will enhance the office they will hold commencing in January of 1990, and I am sure that all in this chamber wish them well.

Hon. Senators: Hear, hear!

Hon. Hazen Argue: Honourable senators, I would like to join with my colleagues from Saskatchewan in congratulating Ray Hnatyshyn on his appointment to this most prestigious office as the gift of the people of Canada. As head of state he will, I believe, conduct himself in a manner that will bring honour to our country and to all of its citizens. I think this was a particularly appropriate appointment, and one that shows once again that in Canada, no matter from what country a person or his ancestors may have come, when you are a Canadian you are a Canadian in the full sense, equal with all others. The appointment of Ray Hnatyshyn from the Ukrainian community demonstrates that Canadian nationhood is based on an association of many nations, in a broad sense, within our one nation, Canada. This is an important signal to all the world of how people from many races and cultures can live together and, in common, build a great and forward-looking nation.

Congratulations to Ray and Gerda Hnatyshyn.

Hon. Senators: Hear, hear!

Hon. Heath Macquarrie: Honourable senators, I would not like it to be thought by those millions of people who will be reading Senate *Hansard* in future generations that this appointment brought delight only to the representatives of the great province of Saskatchewan. I had thought that it might not have been a bad idea to have a representative from Atlantic Canada take on this important office, and I even had a candidate in mind; but with his great modesty the former Premier of Nova Scotia would probably have deferred to

[*Translation*]

INCOME TAX CONVENTIONS BILL

MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-2, to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax, and acquainting the Senate that they had passed the Bill without amendment.

[*English*]

OFFICIAL LANGUAGES SCRUTINY OF REGULATIONS

APPOINTMENT OF COMMONS MEMBERS TO JOINT COMMITTEES—MESSAGES FROM COMMONS

The Hon. the Speaker: Honourable senators, messages have been received from the House of Commons to acquaint the Senate with the names of the members appointed by that House to serve on the Standing Joint Committee on Official Languages and the Standing Joint Committee on the Scrutiny of Regulations.

[*Translation*]

CANADA POST CORPORATION

ROBERT MARLEAU
The Clerk of the House of Commons

[*English*]

FORGIVENESS OF DEBTS (SUB-SAHARAN AFRICA) BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-10, relating to the forgiveness of debts incurred or assumed in respect of certain official development assistance loans made by the Government of Canada to the governments of certain countries in sub-Saharan Africa.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

THE ESTIMATES, 1989-90

INTERIM REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand E. Leblanc: Honourable senators, I have the honour to present the Seventh Report of the Standing Senate Committee on National Finance concerning the Main Estimates for the fiscal year ending March 31, 1990.

I ask that the report be printed as an appendix to the *Debates* and *Minutes of Proceedings* of this day and that it form part of the permanent records of this House.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see Appendix "B", p. 574.*)

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

On motion of Senator Leblanc (Saurel), report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

NORTH ATLANTIC ASSEMBLY

THIRTY-FIFTH ANNUAL SESSION, ROME, ITALY—NOTICE OF INQUIRY

Hon. Duff Roblin: Honourable senators, I give notice that on Tuesday next, October 24, 1989, I will call the attention of the Senate to the Thirty-fifth Annual Session of the North Atlantic Assembly, held at Rome, Italy, from October 4 to 11, 1989.

THE CONGRESS OF THE UNITED STATES OF AMERICA

GOOD WISHES OF THE SENATE OF CANADA ON BICENTENNIAL

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, with leave of the Senate, I move, seconded by the Honourable the Leader of the Opposition, that the Honourable the Speaker of the Senate convey to the Speaker of the United States House of Representatives and to the President of the United States Senate the good wishes of the Senate of Canada upon the occasion of the bicentennial of the Congress of the United States of America.

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

Hon. Senators: Agreed.

Senator Murray: Honourable senators, I am pleased to introduce this resolution extending the good wishes of the Canadian Senate to the U.S. Congress on the occasion of its bicentennial.

The U.S. Congress first met in New York in 1789, with 59 representatives and 22 senators in attendance from the 11 states which had ratified the U.S. Constitution. That first Congress left a legacy for all democratically elected institutions throughout the free world: it drew up the U.S. Bill of Rights; it established the executive and judicial branches of the U.S. government, and it began work towards establishing a national system of roads and bridges.

[*Translation*]

Canada of course is a parliamentary democracy. Over these last 100 odd years of proceedings, we have found this was the kind of government that best suited Canada's needs and circumstances.

Of course we admire the American system of government, but we remain faithful to our own parliamentary legacy.

[*English*]

We have been fortunate in Canada to enjoy a unique, close and friendly relationship with the Congress of the United States. The Canada-U.S. Inter-Parliamentary Group, established in 1959, has enjoyed 30 years of frank discussion and problem solving; it is the only international affiliation of the U.S. Congress that is bicameral and bipartisan in nature.

● (1420)

On the Canadian side, there is participation by members from all parties of both the Commons and the Senate. Many of us have had the privilege and the pleasure of taking part in those annual meetings with our counterparts from the United States Congress.

The continued vitality of the U.S. Congress is a necessary foundation for the protection of the democratic values we share with our neighbours to the south. Throughout the world, from east to west, in eastern Europe, Latin America and Asia, the call for representative government moves entire peoples.

[*Translation*]

Because we live under a parliamentary system, we are especially conscious that legislators have a vital role in a democratic society. It is in this spirit that the Speaker of the Senate, the Honourable Guy Charbonneau, and the Speaker of the other place, the Honourable John Fraser, will go to Washington tomorrow to convey our message of friendship to members of the Congress.

[*English*]

This resolution expresses the best wishes of the Senate of Canada to the Congress of the United States. It speaks legislator to legislator and institution to institution. It manifests our shared commitment to representative government, however our systems might differ. It also stands for the special ties between the U.S. Congress and the Parliament of Canada, past, present and future.

Honourable senators, I ask for your unanimous consent in extending our good wishes to the U.S. Congress as they begin their third century of deliberations.

Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I am pleased to associate myself with the motion and also with the sentiments expressed by Senator Murray. I notice that in his recital of history he mentioned that the first meeting of the Congress, which took place in 1789 in New York, included 22 senators representing 11 states. Presumably from its very beginning the United States Senate had achieved the goal of equal representation from the states. That goal has not yet been achieved in Canada, but it was the object of an important democratic exercise yesterday in the province of Alberta. We do not know whether the activities in Alberta will result in the achievement of equal representation by the provinces of Canada in the Senate, elected or otherwise; however, looking back, it seems a remarkable achievement for the United States to have reached a situation in which the larger states such as California and New York have precisely the same representation in an elected body as do the very small states such as New Hampshire and Maine. It is a reflection of how democracy has evolved in the United States of America.

Senator Murray has pointed out that we have had very close relations with the United States. That, in a sense, is an understatement. Regardless of what other events transpire in the world, for us, here in Canada, the United States is still the most important partner, neighbour and friend for a host of economic and geopolitical reasons. For us in Canada, it can only be a matter of great satisfaction that in the United States there is a robust democracy exemplified by the political health that exists in the United States Senate as well as in the House of Representatives.

I wish to add one other word. I fully concur in the importance Senator Murray has attached to the association that exists between the Congress of the United States and the Parliament of Canada through the Inter-Parliamentary Group. That has been a unique feature of our relationship for quite a number of years, and I hope it will continue well into the future.

[Senator Murray.]

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

Hon. Senators: Agreed.

Motion agreed to.

AIR CANADA

EFFECTS OF WITHDRAWAL OF SERVICE FROM STEPHENVILLE, NEWFOUNDLAND—TRANSPORT AND COMMUNICATIONS COMMITTEE AUTHORIZED TO TRAVEL TO STEPHENVILLE

Hon. Finlay MacDonald, with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That notwithstanding the Procedural Guidelines for the Financial Operation of Senate Committees, Appendix III of the *Rules of the Senate*, the Standing Senate Committee on Transport and Communications be authorized to travel to Stephenville, Newfoundland, from October 22, 1989, to October 25, 1989, for the purpose of its inquiry into the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989, as authorized by the Senate on 28 June, 1989.

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

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I believe we should support this motion. Senator MacDonald, chairman of the Standing Senate Committee on Transport and Communications, appeared before the budget subcommittee of Internal Economy today and presented a budget that was approved by that committee.

Senator MacDonald's reason for presenting this motion now is that the arrangements have been made for this committee to travel, in accordance with the direction given by the Senate. The difficulty is that the Senate procedural guidelines referred to in the motion require him to have authority to travel, but he does not get that authority from the Senate until his budget has been presented to the main committee and the main committee has made a report. However, there is a provision that permits an advance in the event that travel authority is given, even though the actual budget has not been approved.

The budget presented today is reasonable, and Senator MacDonald and his colleagues should be congratulated on it. It provides for travel by DND, and that represents quite a saving to the taxpayer.

So the motion asks for an exceptional bypass around Appendix III to give the committee authority to travel and to take advantage of an advance in the event that the Standing Committee on Internal Economy, Budgets and Administration is not able to report to the Senate itself before this Sunday, the departure date for the committee's trip to Stephenville.

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

Hon. Senators: Agreed.

Motion agreed to.

• (1430)

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Finlay MacDonald: Honourable senators, encouraged as I am by your support, may I try another motion?

With leave of the Senate and nothwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Transport and Communications have power to sit at four o'clock in the afternoon tomorrow, Wednesday, 18th October, 1989, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Hon. Charles McElman: Is there an explanation?

Senator MacDonald: Honourable senators, I thought it might be too good to be true! Tomorrow afternoon the Standing Senate Committee on Transport and Communications will hear at least two important groups of witnesses, Transport Canada and the National Transportation Agency. Indeed, there may be a third group.

Senator Frith: On what subject matter?

Senator MacDonald: This is all with respect to the inquiry in Stephenville. We will hear witnesses in Ottawa before we travel, and then, depending upon the wishes of the committee, we may hear the same witnesses when we return. The purpose of the meeting tomorrow is to make sure that we totally understand the policy of the Government of Canada with regard to deregulation, privatization, et cetera, and also that we fully understand the process under which the National Transportation Act operates. As I said, there may be a third group of witnesses.

It struck the committee that it would be convenient not only to tell the witnesses the exact time they will appear but also to have sufficient time to hear them without going far into the evening.

Hon. Royce Frith (Deputy Leader of the Opposition): May I ask whether the representative of the agency to appear before the committee is the author who finds the House not to be a home?

Senator MacDonald: Honourable senators, the chairman will not be appearing. He will be represented by two senior officers of the corporation, including senior legal counsel.

Senator MacEachen: We were hoping that he would be there to autograph books for us.

Senator McElman: Is he going to be out of town?

Motion agreed to.

CANADA POST CORPORATION

ORDER IN COUNCIL P.C. 1989-1066 REFERRED TO JOINT COMMITTEE FOR THE SCRUTINY OF REGULATIONS

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

> That Order in Council P.C. 1989-1066, tabled in the Senate on October 3, 1989 (Sessional Paper No. 342-327), be referred to the Standing Joint Committee for the Scrutiny of Regulations, and
>
> That a Message be sent to the House of Commons to acquaint that House accordingly.

If that sounds like a coded message, I would be only too happy to give a brief explanation.

Senator Frith: Please be happy.

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

Hon. Senators: Agreed.

Senator Frith: Explain.

Senator Doody: Honourable senators, on today's order paper is a message from the other place, which His Honour has read to the Senate, indicating that the House of Commons has referred the same document to the Joint Committee for the Scrutiny of Regulations. The document is simply an order in council, which changes the Financial Administration Act by deleting the name "Canada Post Corporation" from Part I of Schedule III and adding it to Part II of Schedule III, apparently because it is not ordinarily dependent on appropriations. However, it was felt that the Scrutiny Committee should have a look at that particular recommendation.

Motion agreed to.

QUESTION PERIOD

CANADA-UNITED STATES FREE TRADE AGREEMENT

FINDING OF PANEL ON WEST COAST FISH LANDINGS—GOVERNMENT ACTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, we have been notified today that the panel under the Canada-U.S. Free Trade Agreement dealing with the fish-landing question on the west coast has found in favour of the United States and against Canada.

I would ask the Leader of the Government in the Senate whether the Government of Canada has accepted the finding of the panel, and whether it will comply with the conclusion of the panel.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the government has only just received this report and I would want to inquire of my colleague, the Minister for International Trade, whether he would like to make a definitive statement in reply to the question of the Leader of the Opposition.

Senator MacEachen: I notice that both the Minister of Fisheries and Oceans and the Minister for International Trade have made public statements in the form of press releases on the content of the report, which leads me to believe that the government must have had sufficient notice in order to give consideration to the responses of both ministers.

Is the Leader of the Government saying that the matter is to go before the government for a decision on whether it will accept the findings of the panel, or is it just a matter of finding out from ministers what the situation is? I want to know whether a decision has yet to be taken or whether there is a lack of information.

Senator Murray: Honourable senators, I thought the Leader of the Opposition was seeking a more formal statement from my colleague, the Minister for International Trade. The position of the government is that the landing system currently in effect is designed to ensure effective conservation and management of the salmon and herring fish stocks on the Pacific coast, and we intend to ensure that the system continues to function in a manner that meets our essential needs, as recognized by the panel. Therefore, I trust that the Leader of the Opposition will take that as indicating that the government accepts the finding and intends to work within the context of that finding.

Senator MacEachen: I acknowledge the information that the government has accepted the finding, which is adverse to Canada, which will cost the jobs of fishermen on the west coast, and which abrogates the ability of the Canadian government, since 1908, to control the export of fish from this country to other countries.

Can the minister explain why the government did not take the course which was open to it under the Free Trade Agreement, namely, to have the finding of the panel referred to the two ministers making up the Canada-U.S. Trade Commission to see whether a solution more favourable to Canada could not be worked out at the political level?

Senator Murray: Honourable senators, I will ask for a report from my colleague in reply to that question.

REQUEST FOR STATISTICS

Hon. Raymond J. Perrault: I have a supplementary question for the Leader of the Government.

[Senator MacEachen.]

The matter raised by the Leader of the Loyal Opposition in this chamber is, of course, of great importance to the west coast. To this point the government "spin doctors" have been portraying this landing requirement as some sort of victory. While the Leader of the Government is busy pursuing the facts of this case, will he bring us some statistics to counter some of the disconcerting figures produced by the industry on the west coast to this point? Some of us are still waiting for the bonanza of benefits which were supposed to shower down upon Canada as a result of the free trade deal.

● (1440)

A close reading of this decision, Mr. Leader, indicates that 10 to 20 per cent of the raw fish is the minimum amount that must be allowed unrestricted export, and that is the unrestricted export of Canadian jobs as well. The final figure is to be determined on a fishery-by-fishery basis. I want to ask the Leader of the Government whether this means that we are going to be subjected to a continuous guerrilla trade war by U.S. processors as they seek to increase their share of our catch. Indeed, the attempt to portray this process as affecting only 20 per cent is like minimizing the loss of an arm because the other three limbs remain—a full 75 per cent still operative—ignoring the fact that, without radical action, this industry is going to bleed to death. The insistence on 20 per cent is the thin end of the wedge and is enough on its own to make a mockery of Canadian domestic management, conservation and allocation.

Just imagine, Mr. Leader—and I hope that you are listening to what is being said; I hate to see you distracted by a random conversation—we are going to have to ask another country, the United States of America—

Senator Roblin: He is not distracted by this conversation!

Senator Perrault: Well, you may have other priorities, but we have some priorities on the west coast. We are going to have to ask another country, the United States of America, for statistics and approval before we can make a move.

Senator Frith: Shame!

Senator Perrault: Even as it stood, the landing requirement was an utter farce. Even though it enabled some counting to occur, fully eight million pounds of sockeye and pinks were exported that would otherwise have been processed in Canada by Canadians who need the jobs. It is no wonder this government is obsessed with the new unemployment insurance legislation. We need more working Canadians, not people who are going to draw benefits.

The overwhelming majority left from a single landing station, in fewer than ten stations, accounted for all the exports to the United States. If these figures are wrong, then let us have the facts from the Leader of the Government in the Senate. In other words, even the landing requirement was so weak that the viability of the industry was fatally undermined. Many more stations could open in the coming months. The herring fishery is only four months away. Maybe the herring fishery is going to bring us another of these Conservative bonanzas of free trade benefits. We on this side want some answers to the

concerns that are being held by British Columbians and by many Canadians from coast to coast.

Senator Doody: Good speech. What's the question?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it was the policy of the Liberal Party during the last election, or so they said, to support the GATT, the General Agreement on Tariffs and Trade, that multilateral organization, and its rules. I want to remind the honourable senator that what has transpired with regard to salmon and herring on the west coast under the FTA is nothing very new. It has been two years now since the GATT found that our export restrictions did not conform to international trade rules. Now, if we are going to live in the world and trade in the world, we have to live and play by the international rules of the game. I should have thought that a former Minister of Fitness and Amateur Sport would especially appreciate that.

Senator Perrault: It would be nice to hear of one panel decision that is going to be decided in Canada's favour. We seem to lack that muscle tone to get in there and fight with the Americans and win a few decisions. This business of saying, "Ready, aye ready!" to everything that happens down there is becoming disconcerting. Last weekend we even had the prospect of the Prime Minister making a policy announcement in Los Angeles about our aid program. That was an announcement that should have been made right here in Canada.

ROLE OF BINATIONAL PANEL

Hon. John B. Stewart: Honourable senators, I have a supplementary question. The Leader of the Government in the Senate has just told us that the decision made recently under the Free Trade Agreement was similar to a decision made under the GATT. If the Free Trade Agreement and its mechanisms imported no new element into the situation, why did the government go through what seems to be the charade of participation in a binational panel? What was the point of that?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am sorry but either I did not hear well or I did not understand what the honourable senator's question was.

Senator Stewart: Well, as I understood the Leader of the Government in the Senate, it is his view that the outcome of the panel under the Free Trade Agreement was perfectly predictable by reason of the decision made by the GATT organization earlier. If that is true, why the charade of the binational panel? Why not simply accept the GATT decision months ago?

Senator Murray: Well, honourable senators, I was making what I thought was a much broader point to Senator Perrault, and that was the need, if one is going to live in the world and trade in the world, to play by the rules of the game.

Senator Stewart: My question, honourable senators, is this: If the free trade rules are, as Senator Murray implies, identical with the GATT rules, what was the point of participating in the suspenseful, dramatic exercise of a binational panel under the Free Trade Agreement? What was the point of it all?

Senator Murray: Well, honourable senators, I did not say quite what the honourable senator has attributed to me on that point; however, it becomes a matter of strategy, and to some extent tactics, as to what mechanisms we avail ourselves of to deal with these matters. There is the GATT ruling and there are the FTA panels; and we have received a finding from the FTA panel. As I said, we will have to live with it. I do not know that I can really satisfy the honourable senator as to the strategy that was followed in this case, but I will ask my colleague whether there is anything further that should be reported on the matter.

Senator Stewart: I have one final point. The senator's comment just now suggests that, by reason of questions concerning strategy and mechanism, recently there was some hope that the Free Trade Agreement binational panel would have produced a result more favourable to Canada than the GATT decision.

Senator Perrault: That is right.

Senator Stewart: I gather he is now saying that we were disappointed by reason of the decision of the binational panel and that we had not anticipated that decision.

Senator Murray: No, honourable senators. I think that an argument could be made that the FTA finding was in some ways more favourable, but if the honourable senator wants a more detailed analysis of it I will obtain one for him.

Senator Stewart: That would be helpful.

THE SENATE

ELECTION IN ALBERTA TO FILL VACANCY—GOVERNMENT POSITION

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. As you know, Alberta voters yesterday were asked to choose a candidate to fill the Senate vacancy in that province. This is a first in Canadian history and, hopefully, it will spark a greater interest across the country in major constitutional reform of the Senate, including elections. As you may know, the successful candidate in the Alberta selection process was the Reform Party representative, Mr. Stan Waters of Calgary. He received over 41 per cent of the vote. Almost 40 per cent of Albertans who were eligible voted in the election. That is over 600,000 people.

My question to the government leader is a simple one. If the Premier of Alberta sends a list to the Prime Minister containing the names of those who ran in the selection process, will the Prime Minister appoint the person who received the greatest number of votes from Albertans?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable

senators, with great respect, the question remains hypothetical until the Prime Minister receives a list from Premier Getty, as provided for under the terms of the Meech Lake Accord.

• (1450)

Senator Fairbairn: I should like to ask another question of the government leader. Has there been any communication today between the Premier of Alberta or the Deputy Premier of Alberta and anyone in the government, such as the government leader or Mr. Mazankowski?

Senator Murray: No, honourable senators.

Senator Fairbairn: The Leader of the Government in the Senate has—

Senator Murray: They are three hours behind us.

Senator Fairbairn: I understand it is in the mail.

An Hon. Senator: They are eager.

Senator Fairbairn: Yes, the premier has met with Mr. Waters today and has certainly given him his support for his victory.

The Leader of the Government in the Senate and the Prime Minister have spoken on a number of occasions of the need to have a list of names. Today, in comments outside the chamber, the Leader of the Government in the Senate indicated that, in addition, the question of the percentage of turnout in the election would be in the back of the Prime Minister's mind when he was making his decision. He also indicated that the Prime Minister would, and I quote, "have to consider who will make the best senator."

Am I correct in assuming, therefore, that the simple election of Mr. Waters by a sizeable majority is not sufficient to ensure his appointment to the Senate and that other considerations will take place? Could I also ask the government leader what was in his mind today when he was thinking of the qualifications of the person who would make the best senator?

the best senator?

Senator Murray: Honourable senators, I do not know whether my friend has a copy of the transcript of the question and answer session that I had with the media earlier today. As I recall, I was asked—

Senator Corbin: We have a live version.

Senator Murray: I was asked whether the fact that the turnout had been low would be a factor, and I was trying to answer generally in the negative by saying that I supposed it was something in the background, but that these other considerations, such as how the premier drew up his list, were really secondary. The Prime Minister of Canada is bound by the Constitution of Canada, and he and the Premier of Alberta are bound by the Meech Lake Accord, which provides, as the honourable senator knows, that Senate vacancies will be filled by persons chosen from among names—plural—submitted by provincial governments.

Senator Muir: Submitted by Getty.

[Senator Murray.]

Senator Murray: Submitted by provincial governments. What that involves is the exercise by the Prime Minister of his prerogative to recommend the appointment of senators to the Governor General. So the overriding consideration for the Prime Minister, since it is the exercise of his prerogative that is involved here, would have to be: Who would make the best senator?

Hon. Earl A. Hastings: I have a supplementary, honourable senators, for the Leader of the Government in the Senate with respect to the democratic exercise yesterday in the province of Alberta.

In asking my question I would point out to you the complete and decisive rejection of the policies of your government by the people of Alberta, in that your candidate was able to garner only 20 per cent of the vote while 62 per cent were voting against the government.

Senator Barootes: How did the Liberals do?

Senator Hastings: The Liberals did well—much better than the Conservatives!

Some Hon. Senators: Hear, hear!

Senator Perrault: That answers your question.

Senator Hastings: I would be happy if the government leader abandoned these hypothetical and negative responses to our questions. My question to him is very simple. Will his government respect the wishes of the people of Alberta, as expressed yesterday, and issue the summons for the appointment of Stan Waters to this chamber?

Senator Perrault: Immediately!

Senator Murray: Honourable senators, may I say that it is rather inaccurate of the honourable senator to talk about a candidate from my party. There is no provision in the law, as the honourable senator knows, for federal parties to have candidates—

Senator Perrault: No, no!

Senator Murray: —in that election. There was a candidate carrying the colours of the Progressive Conservative Party.

Senator Hastings: He is not your candidate!

Senator Perrault: That was an accident.

Senator Murray: That was in the context of a provincial organization and a special nominating procedure that was set up for that occasion.

What are we going to do about this? Well, I can only say that we are helped by the advice that we have received from many sources, including that of the Honourable Senator Hastings, who, speaking of this exercise, as reported in the *Edmonton Sun* of February 16, 1989, said, and I quote:

> It is ludicrous and unconstitutional. Getty's antics aren't contributing towards moving reform forward.

Senator Doody: "Never ask a question, . . ." as someone once said.

Senator Fairbairn: I have a final question for the Leader of the Government in the Senate. I understand that a communication may already have been sent to the government by Premier Getty. Could the government leader undertake to keep this house advised on developments regarding this issue, which is of great importance, naturally, to all senators and, indeed, to all Albertans?

Senator Murray: I assure the honourable senator that she and all of our colleagues will be among the first to know when there are any further developments on this matter.

UNITED NATIONS

RCMP PEACEKEEPING CONTINGENT—GOVERNMENT POSITION

Hon. Gildas L. Molgat: My question is for the Leader of the Government in the Senate. Over the years the Canadian Forces have established an enviable record in the field of peacekeeping. Indeed, I think we have been involved in virtually every peacekeeping effort that we were called or invited to. Last year the peacekeeping efforts, not only of Canada but of all of the countries, were recognized by the Nobel Prize.

Could the minister then explain why it is that the government now decides to send RCMP contingents for peacekeeping operations, which is what I understand it is doing, particularly when the RCMP is complaining that its budget has been limited and it is unable to do a specific piece of important work regarding drug control in Canada? As a result, it has had to reduce its activities, and yet the government is putting this other responsibility, which was very well handled by the armed forces, on the RCMP.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the reason we have sent members of the RCMP is that we were asked to contribute up to, I believe, 100 police monitors—people experienced in police work—to the UN operation there. For that reason we responded in a positive way.

Senator Molgat: But the armed forces have police abilities as well, and they have done exactly that kind of work. I do not know if they still call them the Provost Corps, but they have within the armed forces a police operation that can easily do that work.

Senator Murray: Honourable senators, to repeat, we were asked to send RCMP officers, and that is what we are doing. I am told that the busiest part of the UN transition assistance group overseeing the independence process has been the police component, which was expanded from 360 in the original plan to 1,000. I am further advised that the main duties of the police contingent will be to monitor law enforcement and complaints investigations by the local police, to protect election facilities, and to monitor the confinement to base of the counter-insurgency police who are there now and who have a rather fearsome reputation. I believe as well that we are not the only country to be contributing police to this exercise.

• (1500)

Senator Molgat: Will the cost of this come out of the regular RCMP budget or will there be a separate funding set up for this?

Senator Murray: I shall have to ask for that information from my colleague, Mr. Clark.

SENATE REFORM

DISCLOSURE OF NAMES OR NUMBER OF CANDIDATES TO FILL VACANCIES

Hon. Douglas D. Everett: Honourable senators, my question is for the Leader of the Government in the Senate. In dealing with the panel of nominees for the Senate that is to be submitted to the Prime Minister, will it be the custom of the government to make the names of those on the panel public?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): It has not been the custom up to the present, honourable senators. My friend will be aware that already five senators—I believe four from Quebec and one from Newfoundland—have been appointed to this place under the terms of the Meech Lake Accord. Until now only the names of those people who have been appointed to the Senate have been made public.

Senator Everett: If it were not government policy to disclose the names, I, of course, would not request that they be made public, but I wonder if it would be possible to tell us, in each of the appointments that have been made under the Mech Lake Accord, how many names were on each of the panels from which the Prime Minister made the selection—the numbers?

Senator Murray: It varies, but not much. I believe the Prime Minister has stated publicly that in the case of the vacancies filled to date under the Meech Lake Accord he had asked the provincial premier in question for five names.

Senator Everett: Could the leader tell us whether there was only one name put forward in any case?

Senator Murray: I can assure the honourable senator that that has not happened.

Hon. Charles McElman: A supplementary question. When the leader says five names—for example, there were four appointed from the province of Quebec—were there only five names submitted or were there 20 names submitted?

Senator Murray: There were 20 names submitted.

HUNGER IN CANADA

GOVERNMENT POLICY INITIATIVES TO COMBAT PROBLEM

Hon. Hazen Argue: Honourable senators, I should like to ask a question arising out of the fact that there is widespread hunger in Canada today, that there are many food banks across this nation, and that Toronto has recently held a food drive to supply its major food bank. Furthermore, reports show that 84,000 people have received food from that food bank

over the period of a month. I visited the food bank in Regina and was told by its director, Ed Bloos, that even in that small city 3,500 people use the food bank each month.

There is a doubt on the part of officials—and I could quote from the *Toronto Star*—as to whether there is any use in going ahead with these food-bank drives, because, when they do that, they believe that governments, perhaps, are able to get away from their responsibilities.

My questions are as follows: Are there people in any department of government that are paying particular attention to this problem of hunger? Is the government developing a policy towards it? Is the government contemplating any initiatives, whether by way of increasing the payments under the Canada Assistance Plan or by way of lower-cost housing or any other measures, to reduce the spectre of hunger across this nation?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I could take my honourable friend through the record of the past four or five years respecting the number of people in various categories who were below the poverty line and who are now above it and the initiatives that have been taken by the government to create employment and to assist various categories of the most needy people in our society with increased social benefits from the federal government.

The honourable senator asks in particular about policies having to do with food banks. The federal government is not—

Senator Argue: The Canada Assistance Plan.

Senator Murray: The Canada Assistance Plan has been mentioned. The whole range of our fiscal and economic policies is designed to bring people above the poverty line, to help people who are in the neediest categories in our society, and, of course, to create opportunities for people to obtain meaningful employment. This we have done. More than a million and a half new jobs were created over the past four years, with 189,000 new jobs created during the current calendar year.

So the record of the government in managing the economy in such a way as to improve the general welfare of the country and its people has, I think, been quite successful.

Senator Argue: Honourable senators, that is really not a response to my question. I asked whether there were new policy initiatives now being considered.

If all of the things the leader has said the government has been doing have been so great, why are there more people going to food banks in Canada today than ever before in our history? Why are more people hungry today in Canada than there were two, three or four years ago, according to the officials of these food banks?

Senator Murray: Honourable senators, we assist individuals who are in need. There are various programs through a number of government departments that assist the very agencies that provide these services to the people who need to have recourse to food banks. So the Government of Canada is doing its part—more than its part—in cooperation with the provinces and with agencies in the voluntary and private sector.

[Senator Argue.]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to a number of questions. I will identify the honourable senator who asked the question, the date and general subject matter of the question, but I will not read the answer unless specifically asked to do so. I ask that they be printed in *Hansard* as part of today's proceedings.

AGRICULTURE

CASH ADVANCES FOR 1989-90 CROP YEAR—LEGISLATION AND REGULATIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 28 and October 3 last by the Honourable Senator Argue respecting Agriculture—Cash Advances for 1989-90 Crop Year—Legislation and Regulations.

(*The answer follows:*)

Under the existing legislation, the Minister has the discretion to grant an advance. However, if the Minister granted an advance, he would be required to pay the interest on that advance, which would be contrary to the Government's intention announced in the April Budget.

Under the provisions of the new Bill, producer organizations and the Canadian Wheat Board will be in a position to offer producers an advance payment program as soon as this Bill receives Royal Assent. The government will no longer be obligated to pay the interest on the cash advances.

NATIONAL PARKS

CREATION AND LOCATION OF NEW PARKS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4 last by the Honourable Senator Bonnell respecting National Parks—Creation and Location of New Parks.

(*The answer follows:*)

Environment Canada has adopted the "natural region" approach as a basis for planning Canada's national park system. The country has been divided into 39 terrestrial natural regions, each of which is characterized by a particular combination of climate, geology, landforms, vegetation and wildlife. The long-range objective is to achieve adequate representation of each region within the national park system.

Currently, Canada's 34 national parks are located within 21 of the 39 natural regions. By this measure, the national parks system is roughly 54 per cent complete. Consequently, 18 new national parks are required to represent the gaps in the system.

The East coast of Prince Edward Island is not one of the new national park possibilities because this natural region is currently represented in the national parks system by Prince Edward Island and Kouchibouguac National Parks.

As the Leader of Government in the Senate noted in his earlier reply to this question, the locales of the 18 new national parks have not been yet decided, pending the completion of additional studies and discussions with provincial/territorial governments.

PEOPLE'S REPUBLIC OF CHINA

COMMERCIAL CONTRACTS ON AID PROJECTS—GOVERNMENT POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 3 last by the Honourable Senator Grafstein respecting People's Republic of China—Commercial Contracts on Aid Projects—Government Policy.

(*The answer follows:*)

In his policy statement of June 30, 1989, the Secretary of State for External Affairs announced a number of initiatives designed to reflect a true measure of the shock and abhorrence with which Canadians reacted to the tragic events in Tiananmen Square. Mr. Clark did not, however, cut off all development assistance or export credits to China, believing that isolating that country would only harm the proponents of reform, the people who had benefited most from China's opening to the outside world. Mr. Clark did state clearly that all new proposals for development assistance or for financing under the Export Development Corporation's Line of Credit with China would be assessed against three new criteria: that they preserve existing links that Canadians have forged with China over the years, that they encourage people-to-people exchanges, and that they do not support or lend prestige to the military or State propaganda apparatus. Accordingly all proposals for assistance, whether in the form of a CIDA project or a request for EDC financing support, will be rigorously assessed against these criteria before approval can be granted.

INDIAN AFFAIRS

GRAND RIVER INDIAN RESERVATION—SCHOOL HEALTH AND SAFETY STANDARDS—WELFARE OF STUDENTS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4 last by the Honourable Senator Marsden respecting Indian Affairs—Grand River Indian Reservation—School Health and Safety Standards—Welfare of Students.

(*The answer follows:*)

1. First let me reiterate that the federal government did make arrangements for classes to resume in suitable facilities on September 5, 1989.

However, in response to the boycott and resultant interruption of studies, federal school teachers in the community have been distributing in-home education assignments to all students on two reserves. This interim measure will continue until students return to classes.

Over the weekend of October 9, 1989, the Honourable Pierre Cadieux asked Mr. Harry Laforme, Commissioner of the Indian Commission of Ontario, to work with the Communities and the Department of Indian Affairs and Northern Development to resolve this issue.

2. As I have already reported, the Department of National Health and Welfare has indicated that the Asbestos present does not in any way pose a Health Hazard.

All accessible Asbestos has been removed from the reserve classrooms and the remaining concealed Asbestos poses no threat to the health of students or teachers. Health and Welfare officials have monitored the situation, and have concluded that the buildings are safe.

However, as the community is still concerned about the safety of the schools, Minister Cadieux has authorized funding to facilitate an independent study of the air quality in those facilities still containing concealed Asbestos.

3. In order to improve the learning environment in the Six Nations and new credit reserve schools, the Department of Indian Affairs and Northern Development is providing $500,000 for repairs to existing structures and for the temporary replacement of eight classrooms with portable classrooms.

This work is on schedule and will be completed by November 6, 1989.

The portable classrooms will be used until three new schools are built.

A major expansion to the J.C. Hill School, a permanent structure, has now been completed.

In addition, a new ten-classroom school, costing $5.7 million, is scheduled for completion in 1992.

And two additional ten-classroom schools, at an estimated cost of $6 million each, have been identified as priorities for future construction.

AGRICULTURE

HOG INDUSTRY—UNITED STATES COUNTERVAIL ACTION—GATT AND FTA APPEALS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4 last by the Honourable Senator Molgat respecting Agriculture—Hog Industry—United States Countervail Action—GATT and FTA Appeals.

(*The answer follows:*)

As the Honourable Senator is aware, there are two distinct and separate appeals being undertaken by the Canadian government with regard to the American determination.

Under the GATT, Canada is contesting whether the U.S. law, under which the countervailing duty was imposed, is consistent with American obligations under the General Agreement on Tariffs and Trade. Consultations with the Americans under Article XXIII:1 of the GATT were undertaken on October 11. These consultations are a necessary requirement before a Panel can be requested to examine the Canadian complaint. A formal request for a Panel will likely be made within the next 60 days. While no precise timetable exist for GATT Panels, a ruling is expected within ten to twelve months.

Under Chapter 19 of the Free Trade Agreement, Canada is contesting whether the Department of Commerce has properly applied its own law. In full cooperation with the Canadian industry a request for Panel Review was made on August 22. The two sides are now undertaking a number of procedural steps that will result in a decision on or before July 3, 1990. It should be noted that the time period established in Chapter 19 is considerably faster than the U.S. judicial review process that would have been used for such appeals prior to the FTA.

CAPE BRETON DEVELOPMENT CORPORATION

BOARD OF DIRECTORS—APPOINTMENTS TO FILL VACANCIES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 3 last by the Honourable Senator Muir respecting Cape Breton Development Corporation—Board of Directors—Appointments to Fill Vacancies.

(*The answer follows:*)

Decisions regarding these vacancies are expected in the near future.

DRUG TRAFFICKING

MONEY LAUNDERING THROUGH CANADIAN BANKS—GOVERNMENT ACTION—ENFORCEMENT PROCEDURE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 3 last by the Honourable Senator Olson respecting Drug Trafficking—Money Laundering through Canadian Banks—Government Action—Enforcement Procedure.

(*The answer follows:*)

Because money laundering is a crime in Canada, any case where a bank or an individual is suspected, on reasonable grounds, of money laundering is investigated and where sufficient evidence is found, charges are laid. The Courts determine whether the evidence supports a finding that money laundering has occurred. There have been a number of convictions against individuals using different Canadian banks for the purpose of money laundering. In none of these cases was there any evidence that the banks were aware that they were being used to launder proceeds of crime. It would of course not be appropriate for me to comment on cases of money laundering that are presently being investigated. I can, however, state that efforts will continue to detect the use of Canadian banks for money laundering and that charges of money laundering will be laid where the evidence warrants it.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—GOVERNMENT ACTION—REQUEST FOR UNDERTAKING

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4 last by the Honourable Senator Olson respecting Agriculture—Western Canada—Drought Relief Program—Government Action—Request for Undertaking.

(*The answer follows:*)

The Government of Canada is committed to the Crop Insurance Program as the best methhod for helping farmers to protect themselves against the adverse effects of uncontrollable crop loss.

Crop insurance premiums must be self-sustaining and each year adjustments are made for historical crop loss experience and the levels of benefits provided to farmers. Higher premiums in 1989 reflect the improved protection purchased by farmers and the need to keep the program on a sound financial footing. However, since 1985, the average premium rate in Canada has only increased from 10.2 per cent to 11.8 per cent (about 1.5 per cent), despite record crop insurance loss payments in 1985 and 1988.

Since 1973, farmers have paid no more than 50 per cent of the total premium costs anywhere in Canada. As well, producers are not charged for the administration costs associated with providing insurance. The remaining 50 per cent of total premiums is paid by the Government of Canada, except in the provinces of Quebec and Newfoundland where the federal and provincial governments equally share one-half of the total premiums. Such financial support makes the program affordable and encourages farmers to protect themselves against the financial impacts of serious crop losses.

AGRICULTURE

CASH ADVANCES FOR 1989-90 CROP YEAR—LEGISLATION AND REGULATIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in

response to a question asked in the Senate on June 28 last by the Honourable Senator Olson respecting Agriculture—Cash Advances for 1989-90 Crop Year—Legislation and Regulations.

(*The answer follows:*)

1. Agriculture Canada will be in a position to offer a program once the proposed new Bill receives Royal Assent. A producer makes an application for a cash advance according to terms and conditions specified by the producer organization or Canadian Wheat Board (CWB). The terms and conditions of a producer receiving a cash advance will essentially be the same as it was in the past. This includes being a producer of a field grown crop, being solvent, having crop of good quality, signing a legal agreement to repay the advance, etc . . . The only change is that the producer will now be responsible for the payment of interest on his advance and will be able to receive an advance up to a limit of $250,000 with an amount by crop to be determined by the Minister.

The Government will guarantee the principal amount advanced and the associated interest costs to that producer organization and should there be a default, the Government would pay 90 per cent of the amount declared in default.

Under the Advance Payments for Crop Act (APCA), the interest charges, to be paid by the producer starting in the 1989 crop year, will be approved by the Minister. A user fee or administration fee may also be levied by the producer organization, however, the amount differs from group to group.

Under the Prairie Grain Advance Payments Act (PGAPA), the interest charges which will be paid by producers, will be determined at the beginning of each month. The interest rate will be established by the Minister.

All other terms and conditions included in the Acts remain the same.

2. The proposed new Bill will eliminate the need for Regulations in order to determine the various interest rates required to deliver the program under the PGAPA. It is recommended now that these rates will be determined by the Minister of Agriculture as is presently the way with APCA. This will ensure speedy access to advance payments for producers once the new amendments have received proclamation.

FISHERIES

ENVIRONS OF CANSO—EXCLUSIVITY OF TUNA FISHERMEN'S LICENCES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4 last by the Honourable Senator Stewart respecting Fisheries—Environs of Canso—Exclusivity of Tuna Fishermen's Licences.

(*The answer follows:*)

The 1989 Atlantic Bluefin Tuna Management Plan placed a limit of 35t on the quantity of fish that could be harvested by vessels outside their home region. When the tuna season first opened and quota was available in all areas, the tuna fleets from Prince Edward Island, Newfoundland, New Brunswick, Quebec and the Gulf of Nova Scotia each had access to fish in the Scotia-Fundy Region, which included the waters adjacent to Canso, up to the 35t limit. After this point, only the 31 licensed Scotia-Fundy fishermen could fish in waters of the Scotia-Fundy Region.

• (1510)

PROVISION OF COPIES OF DELAYED ANSWERS

Hon. M. Lorne Bonnell: Honourable senators, as these answers are given, are copies of them being sent to the senators who asked the questions or must we wait until the answers appear the next day in *Debates of the Senate*?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, as I remember it, the practice in this place when I first came here was that senators waited sometimes almost interminably for these answers. I do not think they are sent specifically to senators, but if that is their wish that can certainly be done. The answers must be tabled in the chamber, of course, but copies can certainly be sent to senators, if that is their wish. That involves no great effort.

Senator Bonnell: I should like to suggest, honourable senators, that in future a copy of the answer be sent to the senator who posed the question. In that way we would not have to ask for explanations of answers.

Hon. Hazen Argue: Perhaps that could be done in the chamber at the time the answer is given.

Senator Doody: Certainly, honourable senators. I could bring with me duplicates of the answers and have the pages distribute them. Ordinarily, when we get the answers, we check them over thoroughly and it is usually a last-minute effort to come in here and read them. I will ask that copies of each answer be made and that they be distributed to the desks of those senators involved.

[*Translation*]

VIA RAIL

NATURE OF CHANGES—REQUEST FOR CLARIFICATION—REQUEST FOR ANSWER

Hon. Azellus Denis: Honourable senators, a few weeks ago, I asked for comparative information on the various routes that VIA Rail covers every week. The answer should be easily available. I do not understand why we are still waiting for the answer comparing the routes that were cancelled, those that existed before and those that are now proposed. This information will be useful to me later to let the public know the nature of the changes.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, this information will be provided.

[*English*]

TOBACCO RESTRAINT ACT TOBACCO PRODUCTS CONTROL ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Robichaud, P.C., for the second reading of the Bill S-6, An Act to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I am not prepared to proceed with this order today. I will be able to do so very shortly, but if anybody else wishes to speak I shall be only too happy to yield. Otherwise, this order will stand.

Order stands.

FORGIVENESS OF DEBTS (SUB-SAHARAN AFRICA) BILL

SECOND READING—DEBATE ADJOURNED

Hon. Gerald R. Ottenheimer moved the second reading of Bill C-10, relating to the forgiveness of debts incurred or assumed in respect of certain official development assistance loans made by the Government of Canada to the governments of certain countries in sub-Saharan Africa.

He said: Honourable senators, at the 1987 Francophone Summit and the Commonwealth Heads of Government Meeting the Government of Canada made an important commitment to the developing countries of sub-Saharan Africa when it announced its intention to forgive the official development assistance debts of 13 sub-Saharan countries. The legislation we now have before us will translate that commitment into reality.

I am sure that we are all aware of the serious problems that confront the Third World, not the least of which is servicing its international debt. The reasons for these debt problems are complex and involve a number of factors: oil price shocks in the early and late seventies, overborrowing of money by developing countries, overlending by creditors, a deep global recession from 1981 to 1983, falling prices for Third World commodities, and inappropriate economic policies in a number of developing countries.

[*Translation*]

Third World debt, whatever its original causes, is today a problem that concerns us all. For the developing countries of sub-Saharan Africa, the debt burden, which is only a fraction of Latin America's, is an enormous obstacle to economic and social development. Recognizing the gravity of the situation, the international community has taken measures to help developing countries deal with the problems raised by their debts.

I am proud that Canada has played an important role in finding solutions to the problems of the heavily indebted countries.

In 1977, Canada cancelled the official development assistance (ODA) debts incurred by twelve of the least developed countries and agreed to make all additional aid to these countries in the form of grants.

Since April 1986, all bilateral official development assistance given by Canada has been in the form of grants instead of loans, which would have added to the debt burden of Third World countries.

In 1986, Canada announced a repayment moratorium on ODA debt incurred by sub-Saharan African countries which show a willingness to improve their economic situation with appropriate adjustment policies.

In 1987, Parliament passed a law to cancel the ODA debts of Togo, Mauritania and the countries of the former East African Community.

At the Toronto Summit in 1988, Canada took an active part in reaching the consensus by which the Club of Paris would further lighten the debt of the poorest heavily indebted countries by rescheduling their non-concessional public debts.

[*English*]

The legislation before us represents a continuation of Canada's strong support for appropriate debt relief measures. Under this legislation we will forgive $672 million in outstanding ODA loans in sub-Saharan Africa. Countries affected are: Camaroon, Congo, Côte d'Ivoire, Gabon, Ghana, Kenya, Madagascar, Nigeria, Senegal, Swaziland, Zaire, Zambia and Zimbabwe. While the amount of debt to be forgiven is modest in comparison to the overall debt burden of the countries, the initiative by Canada to forgive these amounts has led to the announcement of similar actions by the United Kingdom, West Germany, Japan, France and, most recently, the United States—countries which have lent far greater amounts to sub-Saharan Africa.

Perhaps I should give honourable senators a breakdown of the total amount of $672.1 million on a country-by-country basis: Cameroon, $143.6 million; Congo, $22.6 million; Côte d'Ivoire, $80 million; Gabon, $7.6 million; Ghana, $77.6 million; Kenya, $108.8 million; Madagascar, $23 million; Nigeria, $42.4 million; Senegal, $16.8 million; Swaziland, $1.4 million; Zaire, $31.3 million; Zambia, $86.2 million and Zimbabwe, $30.8 million. Interestingly enough, it appears that for the Francophone countries of Africa the total is $325 million and for the Commonwealth countries of sub-Saharan Africa the total is $347 million.

In March 1988 the government released its development assistance strategy "Sharing Our Future". The legislation being introduced in the Senate today is in line with the primary objective of that document, namely that Canada would assist the poorest peoples and countries. Moreover, Canada is committed to assist indebted countries in pursuing

structural adjustment programs that address their economic and financial situation but remain sensitive to the needs of the most vulnerable groups.

• (1520)

Before closing I should like to address the question of the impact of this legislation on Canada's budgetary situation. This is an important consideration in the current context of fiscal restraint. In 1986 the government recognized that ODA loans, which carry a grant element of 90 per cent, were not true assets and accordingly created an offsetting allowance account to reflect the fact that the full value of the loans would not be repaid. As a result, forgiveness of these loans will not have any impact on the cumulative deficit of the government.

In closing, honourable senators, I would simply note that this legislation is an important part of Canada's response to the international debt crisis and of Canada's overall development policy. Canada has committed itself to this initiative. It is now our responsibility to ensure that Canada lives up to this commitment.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before adjourning the debate in the name of Senator MacEachen, perhaps I could ask Senator Ottenheimer why he said particularly that it had no effect on the cumulative debt of Canada. Is there such a thing as noncumulative debt that would be affected, or is the adjective a redundancy? Why did Senator Ottenheimer use the word "cumulative"?

Senator Ottenheimer: That is a good question. As to whether a debt can be noncumulative, I am not sure. My comments may not explain whether or not that word is essential, but I understand that the reasoning behind the use of that word is that these debts are concessional, and that for all practical purposes 90 per cent of the amount may be regarded as a grant with the rest being repaid over a considerable period of time—perhaps 30 or 40 years. Therefore, even without the write-off, the actual amount that would accrue back to CIDA, under the ODA, in a sort of continuing fund would be very little and would be spread over a long period of time. However, I cannot give a precise answer as to what the effect of the word "cumulative" is in that context.

Senator Frith: When this bill is referred to committee, which I take it will be the Standing Senate Committee on Foreign Affairs, perhaps someone will find out whether this adjective "cumulative" is used advisedly; someone may also perhaps dig into what sounds like rather arcane bookkeeping in order to explain the fact that the forgiveness of these loans has no effect on the "cumulative" debt.

Hon. Philippe Deane Gigantès: May I ask Senator Ottenheimer whether these countries currently pay interest to Canada on these debts?

Senator Ottenheimer: There have certainly been no payments of interest on these debts since the policy announcement at the Francophone Summit and the Commonwealth Summit. To the best of my knowledge, there have been no interest payments.

Senator Gigantès: Therefore, we have not been following the practice of lending money to these countries in order that they can pay it back to us with interest.

Senator Ottenheimer: To the best of my knowledge, no interest payments have, in fact, been made.

Senator Gigantès: Since it is at best unlikely, and more realistically unthinkable, that these countries will ever be able to pay back their loans, considering the state that some of them are in, why not forgive the whole debt?

Senator Doody: That is a good question for the committee.

Senator Gigantès: I was wondering whether Senator Ottenheimer, when he was discussing his speech with the officials, asked that question and what answer he was given.

Senator Ottenheimer: I certainly agree with Senator Doody that the witnesses appearing before the committee will be able to give the senator much fuller answers to his questions. However, first of all, it is my understanding that these loans were made from ODA funds, which would be quite different from loans made from the Wheat Board or from export credit loans, which are frequently commercial loans with which banks are involved. Loans from these other sources are not as concessional as loans from the ODA funds.

Moreover, with respect to the indebtedness of Third World countries, and specifically debts that have a commercial element, it is my understanding that these matters have been and will continue to be discussed in multilateral forums such as the Paris Club, perhaps also involving such agencies as the World Bank and the IMF.

However, let me say that I share the general concern that has motivated the senator's question, namely the identification of the very difficult and precarious position of many Third World countries in respect of their foreign debt.

On motion of Senator Frith, for Senator MacEachen, debate adjourned.

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Beaudoin calling the attention of the Senate to the Meech Lake Constitutional Accord and to the *Canadian Charter of Rights and Freedoms*.—(*Honourable Senator Nurgitz*).

Hon. Nathan Nurgitz: Honourable senators, in standing this order, to which I shall speak in a matter of a few days, I want to say that if any other honourable senator wishes to speak on this matter I shall certainly yield.

Order stands.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Nathan Nurgitz, pursuant to notice of Tuesday, June 27, 1989, moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

He said: Honourable senators, this is the customary motion with respect to technical, clerical and other personnel that is required for committees of the Senate. At the moment there is in fact no particular item before the committee. However, there are several matters that I am anticipating will be before this committee in the near future and, therefore, there will be a need for such expert advice. We wish to have in place the power to engage such personnel so that we may proceed with the ordinary work of the committee.

Motion agreed to.

● (1530)

NATIONAL DEFENCE

CFB SUMMERSIDE, P.E.I.—MOTION TO RECOMMEND FEDERAL-PROVINCIAL COOPERATION IN DEVELOPMENT OF SOUND ECONOMIC ALTERNATIVES—DEBATE ADJOURNED

Hon. Orville H. Phillips, pursuant to notice of Thursday, June 29, 1989, moved:

> That in view of the important role Canadian Forces Base Summerside plays in the economy of Summerside, Prince Edward Island, the Senate recommends that the Government of Canada and the Government of the Province of Prince Edward Island co-operate in developing sound economic alternatives to Canadian Forces Base Summerside.

He said: Honourable senators, late last June, prior to the summer recess, the Honourable Senator Bonnell introduced a motion concerning CFB Summerside. I moved an amendment to that motion calling for the cooperation of the federal and provincial governments to develop sound economic alternatives to CFB Summerside. The amendment raised a point of order. The Speaker *pro tempore*, the Honourable Senator Molgat, in a thorough and lucid ruling, declared the amendment to be in order.

Hon. Royce Frith (Deputy Leader of the Opposition): When you described it as "thorough and lucid", we knew that was the way it would be.

Senator Phillips: Senator Bonnell, acting on instructions from Senator Frith, appealed the ruling of the Speaker.

Senator Frith: I do not know whether that is so. I do not think I had to instruct anyone to appeal it. I did it myself.

Senator Phillips: During the vote on the appeal my thoughts went back to the remarks of the opposition during the debate on the use of Governor General's warrants. Oh, how these people respected the traditions of Parliament; oh, how they loved the procedure and the rules of Parliament; and, oh, how they introduced Eugene Forsey as an authority on that occasion. It is a pity, honourable senators, that they did not consult Eugene Forsey on this occasion, because he would have told them that they were definitely out of order in using their majority in this manner.

In my remarks on June 27 I made three proposals concerning CFB Summerside. The first was for the maintenance of the search and rescue squadron, 413 Squadron, the Junior Leadership School and the use of Dash-8 aircraft to replace the Tracker in the so-called sovereignty patrols, for example, of the fisheries, and to combat drug smuggling and things of that nature. The second proposal was that the federal government locate another agency or government department in Summerside to replace CFB Summerside. The third concerned the use of private industry to utilize the facilities at CFB Summerside.

Honourable senators know, I am sure, that a meeting occurred between the Prime Minister and Premier Ghiz in July. Premier Ghiz emerged from that meeting saying that he had obtained everything he wanted. He got a federal-provincial committee to find some economic alternatives to CFB Summerside—something the Grits in the chamber had rejected.

I find it rather strange that—

Senator Frith: No you don't! You do not find that strange at all!

Senator Phillips: —two weeks after the Liberals in the Senate rejected this proposal—

Senator Frith: It is your own invention. Why would you find it strange?

Senator Phillips: —the premier adopted it and said that it was exactly what he wanted.

Honourable senators, the committee, in the fashion of good committees, then subdivided into three subcommittees. What subjects are they dealing with? The first one is the alternative use of CFB Summerside, including the retention of 413 Squadron; the second is the location of another government agency or department in Summerside, and the third is the use of CFB Summerside by private industry. The Liberal senators voted against all three proposals.

I have a certain dissatisfaction with the way the federal-provincial committee has proceeded since that time. It reminds me somewhat of the monkey who hears nothing, sees nothing and says nothing. Nothing suits his purpose better than saying nothing.

The subcommittee dealing with alternative military uses was, in the opinion of the provincial representatives, allowed until October 15 to come up with statistics on the retention of 413 Squadron at Summerside. About two weeks before that the Department of National Defence announced that the squadron was being transferred to Greenwood, Nova Scotia. There is a certain haste there that I do not appreciate, but

beyond that there is a little annoyance with the Department of National Defence.

The federal-provincial committee asked the department to provide the subcommittee with certain figures. General Robert Little of National Defence Headquarters said that he would not supply them because they would serve no useful purpose. If they were to serve no useful purpose, why was the subcommittee of the federal-provincial committee looking at this subject? I classify that subcommittee as the monkey who would not hear anything.

The second subcommittee was to look for uses for our alternative federal government agencies or departments. There have been various rumours and proposals: for example, that some of the bureaucracy arising out of the GST could be located in Summerside; and that a $26 million plant and animal pathology laboratory proposed for Charlottetown could be located in Summerside; and various other suggestions have been made. But the committee has not made any proposals to date. I classify this subcommittee as the monkey who would not see anything.

The third subcommittee is private industry. We have heard nothing from them, so I classify that subcommittee as the monkey who would not say anything.

The subcommittees will be meeting in Summerside, starting tomorrow. I urge them, despite the objections of DND, to give consideration to retaining search and rescue in Summerside. I will have more to say about that later on.

● (1540)

During the summer a number of people, organizations and companies looked at Summerside and considered its uses. One of these, an international air carrier, contacted ACOA; ACOA sent the company to the provincial government. The provincial government sent it to the Summerside Industrial Commission, and it showed the company around the base. Although it was impressed with the base, there was no follow-up with the company. I contacted the company's headquarters in Toronto and found that, while they were interested, they had a number of questions they would like answered.

Among their questions were the following: Who would own and operate the base? They do not want to own and operate it themselves. Who would do the runway maintenance and snow removal? The operation of the control tower is another matter of concern. For a number of years CFB Summerside has been heated by a heating plant using low-grade coal and special anti-pollution measures. Who would be responsible for operating the heating plant? Of course, they wanted to know the terms and conditions of a lease for a private company.

Honourable senators, unfortunately, no one seems to be interested in these questions. When I approached the Department of National Defence I got the assurance that the department will maintain its facilities in good condition until it yields the base in 1992. However, we cannot wait until 1992 to begin looking for someone to fill the vacant space. These questions must be answered now, and I hope that the committee meeting in Summerside tomorrow will give some consideration to these factors. I mentioned that a carrier was interested in Summerside.

Senator Frith: Who is interested?

Senator Phillips: An international air carrier. They have no desire to be solely responsible for runway maintenance. The original announcement by DND concerning the closure of CFB Summerside said that the search and rescue squadron would operate out of Charlottetown and would lease a hangar there. That idea fell by the wayside for the very logical reason that there is no hangar in Charlottetown for them to rent, which raises in my mind the question of how much planning and consideration went into that proposal in the first place. However, if 413 Squadron stayed at Summerside, it could be a tenant on the base, which itself could be operated by the Department of Transport. The squadron would pay a portion of the cost of maintaining the runway, of snow removal and of heating, and thus make the base more inviting to private industry, including the carrier or anyone doing maintenance on aircraft.

Honourable senators, I want to emphasize that point again. I hope that the federal-provincial committee will give consideration to that aspect when it meets in Summerside tomorrow.

On June 27 I also suggested that a committee or group be formed to look for private industry to fill the facilities at Summerside. I repeat that suggestion today, because neither the committee nor ACOA is equipped, or indeed interested, in looking for private industry to utilize the facilities. I hope that within a very short time the government will give consideration to this aspect and move on it.

Senator Frith: What sort of industry would be suitable?

Senator Phillips: Perhaps I should explain to the Senate that CFB Summerside consists in part of what I call the old war-time station. There are three wooden hangars, Nos. 3, 4 and 5. Those hangars are in excellent condition as they have steel frames. Not all war-time hangars had such frames. There are classrooms and excellent teaching facilities in the old station. In 1959-1960 three new hangars were completed. They were put into use in 1960. No. 8 hangar has the distinction of being one of the largest cantilevered hangars in eastern Canada. Hangars Nos. 9 and 10 are readiness hangars, built to house two Argus aircraft in a state of readiness for take off at any time. Hangar No. 10 was the so-called wash-down hangar. The Argus aircraft flew at very low altitudes and often became coated with salt water. They had to be washed down when they came in. That hangar is capable of holding two large aircraft.

When the station was in danger of being closed in 1979, the provincial government, under the then premier, Mr. Lee, conducted a study as to possible uses of these facilities. They made various recommendations such as using the facilities to perform regular maintenance on jets, including executive jets, and regular overhaul of engines and interiors of aircraft. These are the types of things I have in mind when I mention private industry.

In my remarks on June 27 I suggested that the province had a responsibility in this regard. In fact, I probably went a little bit further than merely suggesting that they had this responsibility. I hope that the province in holding up its end of the committee will have some worthwhile proposals to make tomorrow. I am sure that, if they cooperate, the future of Summerside can be assured. Therefore, I ask that the Senate support my motion today, even though it voted against a similar motion just before the end of June.

Senator Frith: We never did. We voted on a procedural question. It is too bad that you had to spoil what was otherwise a very good plea.

Hon. Heath Macquarrie: If the little dialogue between our whip and the deputy house leader of the other party has finished, I will be glad to say something about this important motion, which has been moved by the person on Parliament Hill who has a broader and more highly informed background on this matter than anyone else here, and that is Senator Phillips.

● (1550)

Honourable senators, I had planned to say something today with as much detail as I ever go into on any matter, but after hearing Senator Phillips' remarks I am dubious about whether I should proceed today or not. To have two Island senators speak on one day might be an overabundance of excellence, even for the Senate. Therefore, I will reflect upon Senator Phillips' latest remarks and then voice my thoughts later on this matter of eminent importance to Prince Edward Island. I feel I need a little time, because I wish to maintain the gentility, geniality—

Senator Frith: Impartiality, objectivity?

Senator Macquarrie: —and the above-the-crowd impartiality that Senator Phillips always displays. When I do speak I shall try to restrain my rashness and invective so that I can join him in addressing this important issue with restrained, reasonable, thoughtful consideration while being immensely grateful for the manner in which he has presented this important addendum today.

Honourable senators, I should like to adjourn this important debate on this important matter presented by an important senator.

On motion of Senator Macquarrie, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 551*)

ADDRESS

OF

HIS MAJESTY KING HUSSEIN BIN TALAL

OF

THE HASHEMITE KINGDOM OF JORDAN

TO

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

IN

THE HOUSE OF COMMONS CHAMBER, OTTAWA

ON

WEDNESDAY, OCTOBER 11, 1989

[*English*]

The King was welcomed by the Right Honourable Brian Mulroney, Prime Minister of Canada, and thanked by the Honourable Gildas L. Molgat, Speaker pro tempore of the Senate, and the Honourable John A. Fraser, Speaker of the House of Commons.

Hon. John A. Fraser (Speaker of the House of Commons): The Right Honourable the Prime Minister.

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, colleagues, ladies and gentlemen:

We meet here today to mark the visit to Canada of His Majesty King Hussein Bin Talal of the Hashemite Kingdom of Jordan, and of his gracious wife, Queen Noor. Welcome, Your Majesties. We are honoured to receive you. In this House and in this country you are among friends.

We also celebrate here today the landmark first address to the Canadian Parliament of the leader of an Arab country. Your autobiography and the testimony of many respected world leaders record your dedication, sir, to the cause of peace in the Middle East. In fact, few, if any, have shown greater determination in this cause nor pursued it with greater resolve.

As Prime Minister Thatcher has said so aptly of you, Your Majesty, your human qualities, above all your courage and clear-sightedness, have earned you both respect and admiration world-wide. I can assure you, sir, that admiration is shared by every member of this House and by all Canadians.

[*Translation*]

Canadians hold in high regard and genuine friendship those leaders in the region, such as you, Your Majesty, who have had the great courage and profound wisdom to look beyond intractable conflict and seek a just and durable peace. We, in this House, know that you have taken great personal as well as political risks to bring an end to the Arab-Israeli conflict. For this, we salute you.

[*English*]

Canadians know that they are truly fortunate to live in a region of the world that has been spared the destruction of war for its entire existence. But Canadians have served and suffered and sacrificed their lives in wars abroad. They have seen the horrific consequences of war in the Middle East where Canadians have participated in virtually every peacekeeping initiative since the UN's foundation. It is for these reasons that Canadians want nothing more for your region, Your Majesty, than that all its countries and all its peoples live, at last, in justice, security, and peace.

Successive Canadian governments have supported all constructive efforts to achieve a comprehensive negotiated settlement of the problems of the Middle East. Canada's support for Israel's right to exist and for its security is well known. It enables us to speak frankly to our Israeli friends, as I did in the presence of President Herzog in this House in June, when I said that Canada supports the concept of land for peace.

But we believe that peace will not come if any of the parties is so threatened by the actions and statements of others that it feels it must give absolute priority to security over peace.

[*Translation*]

We believe that peace will only come on the basis of respect for the security, well-being and legitimacy of all states in the region, and of respect for the rights of the Palestinian people. And those rights include their participation in the determination of their own future.

Over the past year and a half, developments in the Middle East have altered long-standing assumptions about the nature of the peace process. Your own courageous and difficult decision last year, Your Majesty, to disengage from Jordan's historical links with the West Bank was a turning point in the peace process.

[*English*]

The time is now arriving when other leaders in the Middle East must make equally difficult but far-sighted decisions as you have, Your Majesty. The Israeli government's proposal for elections was, we believe, a significant initial step in a political process that could lead to a negotiated settlement.

We are encouraged that President Mubarak has joined actively in the search for progress; his ten points have taken the peace process a step further. Canada stands ready to advance this process in whatever ways we can.

Comparable hope for a settlement in Lebanon, as you mentioned last evening, has been overwhelmed repeatedly by violence and hate. Canadians look on the heart-breaking situation there with grief and dismay.

[*Translation*]

Members on all sides of this house are particularly touched by the anguish of Canadians with family and loved-ones caught in the terrible cycle of civil war in Lebanon. Like you, we pray for a political settlement that reflects the aspirations for peace of all Lebanese and that will restore their country's national unity, sovereignty and territorial integrity. We are encouraged by the efforts of the Arab League Tripartite Committee to establish a basis for national reconciliation and we hope, for the sake of all the Lebanese people, that this time the cease-fire will lead to peace.

[*English*]

Thanks to your especially strong and impressive leadership, Your Majesty, Canadians see in Jordan an island of stability and economic development. Jordan is a land of ancient civilization. Canada is yet a young country of modern history. This year marks the twenty-fifth anniversary of the establishment of diplomatic relations between Canada and Jordan. What brings us together is not only diplomatic association but the prospect of ongoing friendship and constructive co-operation. The economic links between us are significant and growing. Petro-Canada International's technical assistance program to identify oil and gas reserves in your nation is a major case in point.

Your visit here, Your Majesty, and that of your gracious Queen, allows us to strengthen our friendship and build our bilateral relationship and broaden the common ground we share in the search for peace. I am, personally, very much looking forward to continuing the excellent dialogue that we began in The Hague. All Canadians, sir, are anxious to hear your views.

Colleagues of the House of Commons and the Senate, I present to you His Majesty King Hussein Bin Talal of Jordan whom I now proudly invite to address the Parliament and the people of Canada.

His Majesty King Hussein of Jordan: Mr. Speaker, ladies and gentlemen, I would like to thank the Right Honourable Prime Minister for his kind introduction. It is indeed an honour, a privilege and a pleasure for me to visit Canada again and to address this joint session of the houses of Parliament.

Whatever the differences between our respective cultures may be, there is an important heritage which we have in common: the tradition of civilization, over 5000 years old, going back to humanity's first urban settlements in the lands of Egypt, Jordan, Syria, Palestine and Iraq—today, the heartlands of our Arab world.

In ancient times, our vast, beautiful and spiritually evocative landscape inspired the birth and expansion of three of the world's most enduring religions—Judaism, Christianity and Islam. In medieval Islamic times it was in the schools and libraries of our Arab cities that the great patrimony of classical knowledge was translated into Arabic, preserved, refined, and ultimately passed on to an emerging Europe, to spark the first stirrings of the Renaissance. It was among the great Arab and Muslim centres of learning in Baghdad, Damascus, Cairo and Andalusia that medieval scholars, thinkers and scientists expanded the frontiers of human knowledge in such fields as astronomy, mathematics, philosophy, ethics, medicine and law.

Today, of course, the tables are turned, and we find ourselves at civilization's receiving end. Also, we are saddled with a different reputation. The genesis of constructive pluralism, of

which we were the original pioneers, is forgotten and the conflict of contemporary nationalisms holds sway. Central to our present predicament is the need to reach a settlement over the question of Palestine. And it is to the particulars of this question that I shall address myself today.

Rather than go into the history of the Palestinian-Israeli conflict, I shall concentrate on the way in which matters stand right now.

Since last year, the Palestinians and the Arab world have made a historic compromise—to concede geography, but not quality of national rights. The PLO has met all the prerequisites and requirements to achieve a peaceful settlement of the Palestinian-Israeli conflict in line with international legitimacy and global consensus. The one remaining obstacle to a just peace is Israel's inability to reach a decision on the future of the Arab territories that it has occupied by force for over 20 years.

At present, one-half of the Israeli governing coalition favours a territorial compromise. The other half looks for ways to fulfil its avowed pledge to annex the territories, albeit in a camouflaged way to avoid regional and international repercussions. Unable to achieve more than the lowest common denominator of political consensus, the Israeli government tries to mire the peace process in debates over modalities and procedures in order to gain time and forestall the moment of decision.

Hence the convoluted process inherent in the Israeli Prime Minister's plan for elections in the occupied territories. Palestinian representatives are needed to talk to the Israeli government about elections which, in turn, are needed to select Palestinian representatives to talk to the Israeli government. To help break the impasse, President Hosni Mubarak of Egypt made his ten-point proposal on the issue of elections. It is not an alternative plan nor is it a set of preconditions for dialogue. The peace plan, as approved by the Israeli government in May, called for Egypt's assistance and the ten points have come in the spirit of the proposed process. We believe that the Mubarak proposals constitute a helpful vehicle to advance the peace process. Ironically, we now see the Israeli Prime Minister trying to derail the very process which he claims as his own brainchild.

These attempts to forestall the inevitable are futile. No matter how long and winding the road may be, no matter how many twists and turns it contains, it will ultimately lead to the question: Does Israel accept the application of United Nations Security Council Resolutions 242 and 338 to the Arab territories that it now occupies as they were applied to Sinai?

There is only one Resolution 242 and it is ironic to see Israel accept its application to Sinai in its entirety and float a different interpretation of the same resolution where the West Bank is concerned. If Israel were to accept this principle, the modalities would not constitute a hurdle and the road to the international peace conference would be open.

As we strive to bring about a peaceful resolution of the Palestinian problem, in all its aspects, a resolution that allows Palestinians to exercise their legitimate national rights and guarantees the security of all nations in the region, we are saddened to see Lebanon, once a haven for democracy, art and culture, come so close to being a den of iniquity where outlaws find sanctuary and terror reigns.

We find it encouraging that the plan of the Arab tripartite committee has been accepted, not only by all the Lebanese factions, but also by all Arab governments. We sincerely hope that the newly formed Lebanese Security committee will continue to function, and that the tripartite committee will continue to receive the co-operation of all parties concerned. We thank God that the cease-fire is, at last, being observed. But it would not be sufficient to stop the bloodshed and silence the guns.

Another area where we are disappointed to see the truce failing to develop into a permanent peace is the Gulf. We are very keen to prevent the cease-fire between Iraq and Iran from becoming a lull, in which the two sides catch their breath in preparation for the next round.

Each one of these conflicts—the Lebanese problem and the Gulf War—must be brought to a just, comprehensive, and lasting peaceful settlement, and it is imperative for the world community to help in this pursuit. Lester Pearson articulated this imperative most eloquently when he said: "Aggression, in any part of the world, constitutes in the long run, a threat to every other part. If it is true that we cannot tolerate a city of residential suburbs surrounding slums and degradation, it is equally true that we cannot be safe in a world community which condones lawless aggression in any part of it".

These insightful words have grown even more pertinent with the passage of time. The rapid advances in communications technology have increased the level of exposure and raised awareness of other cultures and ways of life, thus raising the hopes and expectations of the less fortunate to explore and take advantage of the new opportunities unfolding before them.

This optimism has resulted in a higher level of maturity, best evidenced by the atmosphere at the Ninth Non-aligned Summit in September of this year. The voluble anti-imperialist rhetoric of the past had given way to more quiet analysis of common concerns like international debt, regional conflicts, and the environment, and a search for co-operation in facing these challenges. One of the points that received virtually universal emphasis in the conference was that differences of ideology should not prevent good relations and co-operation between nations.

This pragmatic and constructive attitude cannot be taken for granted. It must be encouraged and nurtured because, if it fails to bear fruit, if the under-developed world is not helped to make headway toward the cherished goals of development and progress, the resultant frustration and socioeconomic ills would

contribute actively to destabilising the countries concerned and their regions.

Nowhere is this more true than in the Middle East, especially since Israel has accumulated a nuclear arsenal and other weapons of mass destruction. There can be no global security in the absence of regional and national security and social stability. The opposite is equally true. Peace is the only path to the security and prosperity of any region, while conflict in any part of it turns the whole region into a time bomb that threatens world stability.

Ladies and gentlemen, the world has become so interdependent and closely integrated that no nation has the resources to face the challenges of our time on its own. Without organized and comprehensive regional plans of co-operation, the various countries' attempts at development become random shots in the dark.

This lesson was not wasted on the Middle East. We saw Europe begin to work toward political unity, having successfully achieved economic complementarity; we saw Canada enter a free trade agreement with the United States; and Jordan began to work for the establishment of the Arab Co-operation Council.

Today, the council comprises Egypt, Iraq, the Yemen Arab Republic, as well as Jordan, and remains open for the admission of other states that will be welcomed as constructive members in our community. All four countries have committed themselves to facing the social and economic challenges of the 21st century in a regionally co-ordinated effort to achieve comprehensive development. The success of this endeavour requires an atmosphere of political moderation and stability.

When we look at the experience of Europe we find that the political process that started with the European coal and steel agreement created in a short while more concrete foundations for European security than centuries of defensive pacts and innumerable balances of power. It did so by creating a common interest in stability that turned the most implacable enemies into staunch allies. It is our faith that the security of all nations in the Middle East can only be achieved through a similar process.

This is the security that we seek to achieve. We pray to God to grant us success in this endeavour.

Thank you.

Hon. Gildas L. Molgat (Speaker *pro tempore* of the Senate): Your Majesties, Mr. Speaker,

[*Translation*]

—Mr. Prime Minister, Honourable colleagues in the Senate and the House of Commons—

[*English*]

Distinguished guests:

On behalf of my colleagues in the Senate of Canada, I thank Your Majesty for the honour you have paid us in addressing this joint session of Parliament. This chamber no doubt reminds you of the British parliamentary traditions with which you are so familiar.

[*Translation*]

It is with great pleasure that we welcome Your Majesty and Her Majesty Queen Noor to this chamber. It is entirely appropriate that you should be the first Arab head of state to address this assembly.

[*English*]

We know that when you acceded to the throne you decided to be a modern sovereign of your people. We knew that we would be moved by the words of a monarch who, during the 37 years of his reign, has played a critical role in the unfolding drama in the Middle East and in the search for a lasting and just peace. Canada too has been actively involved in the search for a solution which would reconcile and do justice to the claims of the contending parties.

[*Translation*]

For two decades, Your Majesty, you and your government have succeeded in living peacefully with your neighbours, thus making Jordan a haven of stability and development in a region torn by strife. This has been achieved largely thanks to the courage, statesmanship and realism that Your Majesty has shown over the years.

[*English*]

Canadians in all walks of life have admired Your Majesty's willingness to take personal and political risks in the interests of peace. We have admired the reasoned, moderate tone with which you intervene on the international scene.

We are therefore extremely grateful to you and we thank you sincerely for sharing with us your preoccupations and your insights. I know your words have been eagerly listened to by all present.

On behalf of the Senate, I thank you for visiting us. We wish Your Majesties happiness, peace and prosperity for your people and for the members of your family.

Mr. Speaker: Your Majesties, Members of the House of Commons and Senate, honoured and distinguished guests, ladies and gentlemen:

[*Translation*]

It is my duty, but it is also a great pleasure for me, your Majesty, to say, speaking on behalf of all Members of the House of Commons and all political parties represented here today, how much we appreciate your visit to our country and your presence in this historic chamber. And we are particularly pleased to receive Her Gracious Majesty Queen Noor, your wife, as guest of honour.

[*English*]

Your presence here today culminates a long and important association between your country and Canada. Diplomatic relations were established between our countries in 1964. Since then we have maintained contacts which we hope have done two things: first, to bring us closer as nations which desire peace and progress for all the peoples of God's earth; and, second, because of our association, we have created a relationship within which we have been able to discuss, in very frank terms, the Middle East situation and the concern and interest of all nations which hope for an end to hostilities and a just peace.

[*Translation*]

Trade, diplomatic relations and major diplomatic and state visits have all contributed to the development of this friendship and will continue to do so.

[*English*]

We in this place who have paid attention to events in the Middle East have no illusions; we are acutely aware of history, of tragedy and heartbreak, and also of the absolute necessity to find a solution based on common sense, reality, justice and compassion.

We are also aware that all of us on earth face a rapidly changing global environment. If public opinion research in this country is accurate, the great majority of Canadians believe that the man-made threat to our global environment is the greatest danger we face. If this is so, and many of us believe it is so, surely our two countries can persuade others that whatever the provocation for conflict there is now a terrible imperative to come together and save the world for all of us.

Your Majesty, you spoke of this last night when you said that environmental dangers "stop at no boundaries", and you went on to say that we must strive for "co-operation rather than confrontation" and that it must be within a spirit of reason and dialogue.

These statements illustrate, we believe, your own wisdom, and we are heartened by your comments which indicate that despite all of the problems which you face, you can say to us what so desparately needs to be said, co-operation rather than confrontation, reason and dialogue, and that our environmental dangers know no boundaries.

[*Translation*]

Your Majesty, you are welcome in this chamber, and we hope we shall have the honour of receiving you again. We wish to express our earnest hopes for peace and happiness for your people and your neighbours.

[*English*]

Thank you, Your Majesties, for being with us today.

APPENDIX "B"

(*See p. 553*)

THE ESTIMATES, 1989-90

INTERIM REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE

TUESDAY, October 17, 1989

The Standing Senate Committee on National Finance has the honour to present ist

SEVENTH REPORT

Your Committee, to which were referred the expenditures proposed by the Estimates for the fiscal year ending 31 March, 1990, with the exception of Privy Council Vote 15 (Official Languages), has, in obedience to the Order of Reference of May 2, 1989, examined the said Estimates and presents its interim report.

Undertaking this review, the Committee heard from the following witnesses:

The Honourable Robert R. de Cotret, P.C., M.P.,
President of the Treasury Board.

From the Treasury Board:
Mr. Gérard Veilleux, Secretary;
Mr. Allan Darling, Deputy Secretary, Program Branch.

From the Office of the Comptroller General of Canada:
Mr. J.A. Macdonald, Comptroller General of Canada.

Introduction

On Friday, April 28, the President of the Treasury Board tabled the Estimates of the Government of Canada. These Estimates include three documents; the Government Expenditure Plan (Part I), the Estimates (Part II), and the Departmental Expenditure Plans (Part III). Part I gives an overview of the government's expenditure plan for the year and includes a general summary of the plan across the major sectors, e.g. economic, social, foreign and defence, debt service, etc. Part III provides individual volumes for each department and agency with detailed breakdowns of expenditures by program components. It also provides some assessment of program performance and effectiveness. Part II presents the document which, from a procedural point of view, involves the legislative process through the tabling of the Supply bill.

This part of the Main Estimates is divided into sections that correspond to government departments. Each section lists by department two kinds of items - statutory items and budgetary items. The first kind are listed for information only since the expenditures have already been approved by Parliament in legislation; the second are items that require approval of Parliament and consequently appear in the Supply Bill.

Each item or Vote that appears in the Estimates contains an amount of money and a description. The description must refer solely to the Business of Supply and may not contain any reference to legislation or the seeking of approval for new activities that would normally require separate legislation.

The Estimates

In his testimony, Mr. de Cotret, President of the Treasury Board, provided the Committee with an overview of the government's spending plans for 1989-90. He indicated that the government expects to make budgetary expenditures totalling $132.2 billion. Of this, the government has identified $119.4 billion in the Estimates representing a 7.7 percent increase over comparable Estimates from the previous fiscal year. The remaining $12.9 billion is reserved for supplementary expenditures and other provisions. These are identified in the following Table:

EXPENDITURE FRAMEWORK

($ millions)	1987-88	1988-89	1989-90
Budgeteray Main Estimates			
Statutory expenditures	72,310	78,488	88,049
Annual appropriations	37,827	40,878	42,939
Total Budgetary Main Est.	110,141	119,366	130,988
Reserves for Supplementary Est.	3,846	4,264	3,120
Projected Total Budgetary Est.	113,987	123,630	134,108
Other Elements of the Expenditure Plan			
Consolidation of Accounts	9,543	9,580	9,617
Provision for valuation	180	200	375
Allowance for lapse	-1,140	-1,160	-1,200
Total Budgetary Expenditures	122,550	132,250	142,900

Source: Estimates 1987-88, Part I
Estimates, 1988-89, Part I
Estimates, 1989-90, Part I

The 1989-90 Estimates were tabled in late April - approximately two months later than is expected. This unusual occurrence was brought on because the Parliament was adjourned in February and then prorogued until the beginning of April. This led to a number of procedural problems.

Firstly, interim supply to cover non-statutory expenditures for the first three months of the new fiscal year, normally granted by the end of March, was not provided. Because the government did not have any authority to spend money except in areas where it had previously been granted statutory authority, it was forced to seek special warrants from the Governor General to cover a period between April 1 and May 15. This was not the first use of these special warrants by the government since the 1988 election. This use of these warrants was questioned by the National Finance Committee from both a legal and constitutional perspective, and it formed the basis for its report on the interim supply bill. [1]

Secondly, the Estimates normally are referred to committees in both the House and Senate by the beginning of March and are reported, or deemed to have been reported, by the time the supply bill is tabled in the middle of June. This leaves committees about three months to review these Estimates. This year, committee time would have been limited to one month if the date for tabling the necessary supply bill was to remain in June. Accordingly, the first reading date for this supply bill in the House was delayed until October.

This interim report is being tabled in anticipation of the supply bill that will grant authority to the government to spend the remaining amount it requested in the Main Estimates.

Statutory Expenditures and Financial Legislation

Each year, when reviewing the Main Estimates, the National Finance Committee selects one or two themes to pursue rather than trying to cover the entire estimates. This year, because of the timing of the tabling of the Estimates, most of its hearings during the Estimates period were focused on the use by the government from special warrants of the Governor

General. The other issue that has been of interest to committee members is the amount of money spent annually that does not need annual approval from Parliament.

Of the $131.0 billion listed in the Estimates, $42.9 billion, or 32.8 percent is allocated to non-statutory expenditures - the amount that Parliament is asked to authorize. Statutory expenditures account for $88.0 billion, or 67.2 percent of the total. This is an increase of 1.5 percent over the previous year.

The size of these statutory expenditures relative to the total Estimates has been of concern to the committee for many years. For example, in this report on the Main Estimates in 1983, the committee expressed concern that:

> ". . . that in 1982-83, 59 percent of the Estimates were statutory. For this fiscal year, 1983-84, the statutory component rose to 63 percent; this left a decline of 4 percent of total Estimates available for government to meet contingencies or deal with emergencies without increasing total spending. This increase in the statutory component means that once Parliament approves the legislation, no authority from year to year is required from Parliament for expenditures based upon these statutes."[2]

Again in 1988, the committee raised the same point:

> "The value of statutory items this year represents approximately the same proportion of the total budgetary Estimates as it has in the last few years. This caused some committee members to reflect upon the difficulty reducing the annual deficit when so much of the annual Estimates are taken up with statutory expenditures. Mr. Mazankowski responded that much of the statutory items are in transfer payments to both individuals and provincial governments particularly for such program areas as social assistance, income security, and the fiscal transfers to the provinces. He did indicate that while there had been extensive review of these statutory expenditures, it was very difficult to consider changes to them because they have "become a way of life and [are] part of the Canadian tradition of sharing". The committee speculated that within the current revenue and expenditure framework, it may be difficult for the government to reduce the annual deficit from its current level of $28.9 billion to the projected $19.5 billion by 1992-93."[3]

Authority to make statutory expenditures is granted through financial legislation that seeks authority to draw from public revenues - sometimes called money bills.

Financial legislation in Canada is made up of two distinct and parallel legislative processes. The Estimates and their consequent bills drawing on public revenues are one side of this process, while the various taxation measures which replenish public revenues for the business of government, principally the Consolidated Revenue Fund, are the other side.

Any expenditure in Canada and any tax must be authorized by legislation that originates in the House of Commons. This requirement is set forth in Section 53 of the *Constitution Act, 1867* which states:

> "Bills for appropriating any Part of the Public Revenue, or for imposing any Tax or Impost, shall originate in the House of Commons."

The approval of Expenditure by the House of Commons is constrained by the provisions of Section 54 of the *Constitution Act, 1867* which stipulates that the House of Commons may not adopt or pass any measure that appropriated money without recommendation by the Governor General. Section 54 states:

> "It shall not be lawful for the House of Commons to adopt or pass any Vote, Resolution, Address, or Bill for the Appropriation of any Part of the Public

> Revenue, or of any Tax or Impost, to any Purpose that has not been first recommended to the House by Message of the Governor General in the Session in which such Vote, Resolution, Address, or Bill is proposed."

Measures covered by the provisions of this section can be grouped into two types:

1. Ordinary Appropriation Bills:

> These bills seek approval from Parliament to withdraw money from public revenues, normally the Consolidated Revenue Fund.

2. Financial Bills other than Appropriation:

> These include bills other than annual appropriation that contain clauses that seek authority to draw specified amounts from the public revenues for purposes other than those provided for annually.

The passage of such bills grants to the government the power to draw from public revenues without the annual approval of Parliament.[4] Items found in these kinds of bills include such expenditures as judges' salaries, transfer payments to the provinces for health and education, etc.

Two bills dealt with in the 1984-88 Parliament by the National Finance Committee illustrate the problem in determining when a bill actually requires the recommendation of the Governor General.

Bill C-103, an Act to establish the Atlantic Canada Opportunities Agency, was introduced in the House of Commons with the recommendation of the Governor General that appropriations be made from public revenue as prescribed in this bill. Yet while the bill contained clauses that referred to money such as expenses and salaries, those clauses did not specify amounts or seek authority to appropriate any money from public revenues. When the Senate recommended to the House of Commons that the bill be split, the House disagreed on the basis that the Senate neglected the claim of the House to have exclusive authority over the content of appropriation bills. The Commons claims this privilege in its standing orders. Standing Order 80(1) states:

> "All aids and supplies granted to the Sovereign by the Parliament of Canada are the sole gift of the House of Commons and all bills for granting such aids and supplies ought to begin in the House, as it is the undoubted right of the House to direct, limit, and appoint in all such bills, the ends, purpose, considerations, conditions, limitations, and qualifications of such grants, which are not alterable by the Senate."[5]

In effect, the House was arguing that Bill C-103 was an appropriation bill and therefore was not alterable by the Senate. Yet there is some question whether Bill C-103 actually appropriated any money from public revenues.

Bill C-148, an Act to establish the Canadian Centre for Management Development also was introduced with a royal recommendation. From close scrutiny in the Senate National Finance Committee,[6] it appeared that no clause of the bill appropriated money. Any money needed to finance activities of this Centre would have had to be appropriated through the Estimates. The reason given by government witnesses in committee for the inclusion of a royal recommendation was that it was a prudent measure, particularly as it might have been deficient without this recommendation.[7] The committee was told also that in this case, a royal recommendation was included on the advice of officials from the Privy Council, Machinery of Government section and the Department of Justice.[8]

In addition to this apparent lack of clarity with respect to procedures for advising the Governor General on whether bills actually appropriate money, there is some confusion also over the role of the Senate in such matters.

In 1918, a special Senate Committee on the Rights of the Senate in Matters of Financial Legislation (the Ross Committee) was convened.[9] In its report, the Committee drew a number of conclusions including the point that the Senate has and always had the powers to amend bills appropriating public revenue or imposing taxes by reducing them, but has no right to increase them without the consent of the Crown.

Currently, the decision to apply the royal recommendation to a bill follows a simple course. When a bill is drafted, officials from the Legislative Branch of the Privy Council refer it to the law clerk of the House to determine if it requires the recommendation of the Governor General. The Legislative Branch may give its recommendation, but in the end it is the law clerk's decision. There is no formal requirement that the originating department of the Treasury Board be consulted to determine if the purpose of the bill is to appropriate money from public revenues.

Conclusions

At this time, it would appear that there is a lack of clarity over the need for the royal recommendation on certain pieces of legislation. Those who advise the Crown may or may not have a clear understanding of the nature and function of a royal recommendation. Consequently, there may not be any clear guidelines for its use.

The review by the National Finance Committee of the purpose and practice of the use of the royal recommendation should shed light on:

- What is the history of the use of the royal recommendations in the U.K. and Canada;
- when does a vote or bill require a royal recommendation;
- who currently is responsible for asking the Governor General for a royal recommendation;
- what is the legal and conventional role of the Senate with respect to votes or bills introduced in the House of Commons with a royal recommendation?

The committee intends to continue its hearings on this matter and will report its findings in the near future.

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1. C-14, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1990.

2. Senate Debates, June 14, 1983, pp. 5794-5798.

3. Senate Debates, June 7, 1988, pp. 3611-3612.

4. While such expenditures do not require the annual approval of Parliament, the amount to be spent is included in the estimates for information only. These amounts, however, do not appear in the associated supply legislation.

5. Although the House claims this privilege, through S.O. 80(2), it is willing to expedite the business of Parliament with regard to any bill originating in the Senate or any amendment proposed in the Senate which simply imposes financial penalties to punish or prevent crime, but which is not a substitute for taxation.

6. See *Proceedings* of the Standing Senate Committee on National Finance, Issue No. 45, September 22, 1988, pp. 45:22-23.

7. *Ibid.*

8. This bill died in the National Finance Committee when the 33rd Parliament was dissolved.

9. The Senate of Canada, *Report of the Special Committee Appointed to Determine the Rights of the Senate in Matters of Financial Legislation*, (The Honourable W.B. Ross, K.C., Chairman, 1st Session, 13th Parliament, 1918. Reprinted by the King's Printer, 1949.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

THE SENATE

Wednesday, October 18, 1989

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

Prayers.

QUESTION OF PRIVILEGE

Hon. Jack Marshall: Honourable senators, I rise on a question of privilege to comment on the inconsistencies of Premier Don Getty of Alberta in his justification for a Triple-E Senate. I refer to two comments he has been making over the past month, which were repeated during an interview this morning on *Canada AM*. First of all, he made reference to the fact that an elected Senate would give better representation in Ottawa to defend regional interests. I find that strange, honourable senators.

This is the way it really is, but Premier Getty does not seem to look at reality; here is the federal representation from Alberta in Ottawa. Alberta has the Honourable Don Mazankowski, Deputy Prime Minister, the second most powerful minister elected to Parliament. He is also the Minister of Agriculture and also looks after regional interests. Then there is the Right Honourable Joe Clark, a former Prime Minister and now Secretary of State for External Affairs, the top post in the cabinet. He also looks after regional interests. Alberta is also represented by the Honourable Harvie Andre, Minister of State for Science and Technology. Mr. Andre is also the minister responsible for Canada Post and is the Acting Minister of Consumer and Corporate Affairs. With 23 backbenchers, that comes to a total of 26 MPs, all but one from the same party. Premier Getty also has six senators in Ottawa, whom I suspect he has never consulted on regional interests.

Senator Frith: He is a greedy madman!

Senator Marshall: Evidently, honourable senators, Premier Getty has no confidence in those 26 elected members and the six appointed senators.

Furthermore, there are 83 members in the Alberta legislature. I presume they look after regional interests. Currently there are 109 elected representatives plus six appointed senators. The population of Alberta is 2,384,000. If one takes the total federal and provincial elected representatives and divides that figure by the population, that equals one representative for every 20,732 citizens. That does not include municipal representatives, of which there must be hundreds.

His second comment stressed again the importance of being democratically elected. I think Senator Getty, with all due respect, should practise what he preaches.

Senator Frith: It's Premier Getty!

Senator Marshall: Premier Getty can initiate legislation to bring about an elected Senate. I presume he means democratically elected by the people, yet he ignores the fact that he was defeated by the people in a democratic election. He did not accept that vote by the electorate.

He ran again and, in the process, ignored his democratically elected colleagues in cabinet and caucus and hired a group of consultants from the United States to advise him on what would be a safe seat.

He also stressed at the end of today's interview that he was not being political. Is this democracy, honourable senators?

Senator Frith: By the time Senator Marshall gets through with Premier Getty the premier will wish he was back on the football field without a helmet!

[*Translation*]

INTERNATIONAL ASSEMBLY OF FRANCOPHONE PARLIAMENTARIANS

THIRD REPORT OF CANADIAN SECTION TABLED

Hon. Eymard G. Corbin: Honourable senators, with leave of the Senate, I have the honour to table, in both official languages, the Third Report of the Canadian Section of the International Assembly of Francophone Parliamentarians, which was held in Paris from July 9 to 16, 1989.

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

Hon. Senators: Agreed.

Report tabled.

[*English*]

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Foreign Affairs have power to sit at three thirty o'clock in the afternoon on Tuesday, 24th October, 1989, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker *pro tempore:* Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

CANADA-UNITED STATES FREE TRADE AGREEMENT

FINDING OF PANEL ON WEST COAST FISH LANDINGS—GOVERNMENT ACTION—CORRECTION OF STATEMENT

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, please allow me to take a minute to correct an incorrect statement that I made during Question Period yesterday.

Senator Perrault: How could that happen?

Senator Murray: At pages 555 and 556 of *Hansard*, the Honourable the Leader of the Opposition was putting some questions to me concerning the finding of the binational panel on west coast fish landings. At the time I was attempting to listen to the honourable senator's questions, read a briefing note and interpret the briefing note in the light of his questions. As it turns out, I did that unsuccessfully. My briefing notes had indicated, as I said in the house, that Canada intends to ensure that the system—that is, the landing system currently in effect—continues to function in a manner that meets our essential needs as recognized by the panel. I interpreted that to mean, and indicated to the Leader of the Opposition that it did mean, that the government accepted the finding of the panel and intended to work within the context of that finding.

I am reminded by my colleague, the Minister of Fisheries, that the position of the government is that it is evaluating the report in consultation with industry and the provinces and that it will determine its position on the report's acceptance afterwards. The Senate will be aware that Canada and the United States have 30 days to decide whether to accept the panel's report, which is not binding. However, as the Senate also knows, both parties have the right to retaliate if they believe nonadoption damages their trading interests.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I made some comments following the answer yesterday by the Leader of the Government, which is now found to be incorrect, so my comments are incorrect and ought to be corrected in light of the new information.

FINDING OF PANEL ON WEST COAST FISH LANDINGS—GOVERNMENT ACTION

Hon. Raymond J. Perrault: I should like to ask a question in relation to this subject. The Leader of the Government, I am sure, appreciates the confusion that followed the handing down of the panel decision. The government hailed this as an outstanding victory for the skill of Canadian negotiators. One would think that, if it was a victory, the government should move quickly to accept the findings without any further discussions; but this is what Mr. Siddon said yesterday in Vancouver:

> It's not necessarily proper to conclude that we will embrace the report, any more than it would be proper to conclude that we will reject it.

• (1410)

That is the "forthcoming" Conservative position on this matter—landing on both sides of the issue. If this is such a great victory, a victory hailed by Mr. Crosbie, who said that "the panel has accepted the legitimacy of Canada's position on the use of these landing requirements," then why don't we grab it and run?

Despite the fact that, if the panel's recommendations are implemented, 20 per cent of the salmon can be delivered to U.S. buyers from Canadian operations at sea, the government is clearly aware that the other 80 per cent can still be landed on Canadian soil and trucked immediately down to the United States for processing at low-wage American plants. That is the concern, and the government has not satisfactorily met that concern. It has not provided a proper answer. To say that this is a victory for Canada is like suggesting that Napoleon, because he returned from Moscow with one-third of his army, was engaged in a great victory trek to Paris.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I understand Senator Perrault's position, it is that Canada should embrace and accept the findings of the panel. I will take that as a representation and convey it to my colleague.

Senator Perrault: Honourable senators, I said nothing of the kind, and the honourable leader knows that that is an utter distortion of my position. We should, indeed, take all of the 30 days to consider this matter. We should even consider the option of refusing to accept the panel's recommendation. Let us find out where negotiations go after that.

THE SENATE

ELECTION IN ALBERTA TO FILL VACANCY—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government, more particularly in his capacity as Minister of State for Federal-Provincial Relations, a question respecting the government's position on the election that took place in Alberta on Monday. I read carefully the questions put yesterday, and they were good questions, but the answers did not give much information as to the position of the government on this matter.

I base my question primarily upon what I think is called the Langevin Accord, often referred to as the Meech Lake Accord. Honourable senators will remember that a subsequent meeting of first ministers was held in the Langevin Block and the result of that meeting is called the Langevin Accord, which has been applicable since the government signed it and committed itself to it.

This accord states:

> . . . in relation to the Senate pursuant to section 41 of the *Constitution Act, 1982*, the person summoned to fill a vacancy in the Senate shall be chosen from among persons whose names have been submitted under subsection

(1) by the government of the province to which the vacancy relates and must be acceptable to the Queen's Privy Council for Canada.

There is no longer any question about the first part of that requirement; the name of Stan Waters will be submitted to the Government of Canada for appointment to the Senate. The only matter about which we are still unsure is whether that name is acceptable to the Government of Canada. Although he was asked this question yesterday, the minister did not really provide much information by way of an answer. I should like to ask him whether that name is acceptable to the Government of Canada.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, in accordance with the Meech Lake Accord, there will be, I suspect, not just one but several names submitted by the Premier of Alberta. Under the Meech Lake Accord it is the responsibility of the Prime Minister to select a name that is acceptable to him and to the Government of Canada. That will be done when we receive the names that are submitted by Premier Getty. Until that happens, of course, any comment would be purely speculative and hypothetical.

Senator Olson: I can assure the honourable gentleman that the name he is going to get is not speculative.

Senator Balfour: Have you been talking to Premier Getty?

Senator Olson: Premier Getty announced yesterday that he had a discussion with Mr. Stan Waters to the effect that he not only will submit the name but will recommend that Mr. Waters be appointed to the Senate. The Leader of the Government can continue to try to divert this matter if he likes. Surely he is not suggesting that the Government of Canada was unaware that there was going to be an election for this nomination from Alberta. I asked him some questions six months ago about what the Government of Canada would do under this provision of the Meech Lake Accord—a paper we got from the government calls it the Langevin Accord—with the results of this election, knowing full well at that time that there would be such an election. The fact is that approximately 250,000 people in Alberta voted for Mr. Waters. Surely the government must have, prior to this date, given some consideration to what it would do.

Senator Murray: Indeed, we will do what I told my honourable friend six months ago that we would do. We will carry out our responsibilities under the Constitution of Canada and the Meech Lake Accord. The Prime Minister will give due consideration to a list of names when that list of names is submitted by Premier Getty. One of those names, in accordance with the Prime Minister's responsibilities, will be selected by him and recommended to Her Excellency to fill the vacancy in the Senate from Alberta.

Senator Olson: Is the Leader of the Government trying to tell us that this has not been considered already? Or is he saying that the government has made up its mind already and is simply not telling us? Is that what the minister is trying to say? I find it incredible that the minister responsible for federal-provincial relations is trying to tell us that no consideration has been given to that election, or to the consequences of that election, and that no decision has been arrived at concerning what steps are to be taken with the reality of it now that the election is completed.

Senator Murray: Honourable senators, we will take this matter one step at a time. There is nothing to make up our minds about until a list of names is submitted by Premier Getty in respect of the Senate vacancy from Alberta. We will take it one step at a time. We will not rush to premature judgment. In that respect we will be conducting ourselves in a manner far different from that of the honourable senator, who, on February 14 last, as reported in the *Calgary Herald*, stated that:

> The Senate election is "nothing but a political show and I'm not in favour of fighting shadows."

Some Hon. Senators: Hear, hear!

Senator Olson: You can find a number of quotations with respect to this. If you want to look further down the road, you will find what I think you then called an "egregious error" that you had made in the Meech Lake Accord. You have now found something that you cannot live with, unless you are prepared to live with the consequences of this election.

Surely the minister is not trying to tell us that the government and the minister responsible have not considererd what they will do with this election for a nominee. Is he is trying to tell us that for the last six months this government has either failed to consider the problem or, if it has considered it, has not come to a decision as to what it will do with the consequences of this election?

Senator Murray: Honourable senators, the Prime Minister has already appointed five senators—four from Quebec and one from Newfoundland—under the terms of the Meech Lake Accord. There are at present eight vacancies in this place, and I expect that he will continue to appoint senators in the same way—that is, from a list of names submitted by a provincial premier.

I find it somewhat strange that the honourable senator is now standing here to make a case in favour of the electoral process in Alberta, when a few short weeks ago, on October 5, 1989, as reported in *The Hill Times*, Senator Olson said that:

> The Senate election is a "fallout from so-called western alienation. By and large it's a big yawn in Alberta."

• (1420)

Senator Olson: I think that the Government of Canada had better consider seriously what 254,000 Albertans are saying to it.

Senator Murray: You should have thought of that!

Senator Olson: If the Government of Canada now intends to yawn, it should say so.

Senator Flynn: You're making us yawn!

Senator Olson: If it is not going to take this election seriously, it should say so. The evidence is piling up, with one

answer after the other, that the Government of Canada is not sure what it is going to do, if it has considered it at all. The government intends to keep it a secret and perpetuate constitutional matters by stealth, as it did in the middle of the night over at Meech Lake before coming out with this other accord. They do things behind closed doors and do not bother telling anyone what the government's position is from time to time. Is it the government's intention to continue that kind of sham?

Senator Murray: The accusation of having done things by stealth and in the middle of the night comes curiously from the supporter of a government which concluded a constitutional deal in one of the kitchens of the Chateau Laurier—a constitutional deal which had the effect of excluding one of the partners in Confederation from the patriation exercise.

Senator Perrault: René Lévesque, a great friend of yours, was the one who excluded them.

Senator Flynn: You're talking through your hat!

Senator Murray: A few minutes ago I placed on the record a statement of Senator Olson's, as quoted in the *The Hill Times* on October 5. Six days later Senator Olson returned to the charge, as reported in the Calgary *Herald* on October 11, 1989. That is just a week ago. He said:

> There's no (Senate) election. The Prime Minister appoints Senators and he has already said that submitting one name is incomplete and unacceptable.

Senator Olson: I think the Leader of the Government would agree that that is a fairly accurate assessment of what the Prime Minister said. As far as I know, there has not been any change in the Constitution of Canada that would provide for the election of senators, and that is exactly what I said.

Now, however, I am asking the Government of Canada what its position is respecting the message that has been delivered to it by the Premier of Alberta, by the Legislature of Alberta, and, now, by 254,000 Albertans. If you say you have not yet received that message, then that is fine. I think that the people of Alberta would be curious to know that the federal government here in Ottawa does not know what is going on in Alberta from day to day, but must wait until it gets a letter from the Premier of Alberta to find out what is going on.

Let me tell the Leader of the Government in the Senate this: If he thinks that he can manage to persuade those 254,000 Albertans that this is just a joke in the eyes of the Government of Canada, I am sure they would like to know.

Senator Murray: Honourable senators, if anyone has any explaining to do to that quarter of a million Albertans, it is my honourable friend for the very incautious, and they might think insulting, statement he made within the past month.

Senator Olson: No, they do not think so at all!

Senator Murray: We are bound by the Meech Lake Accord. There is a process; we will follow that process; we will respect our responsibilities under the Meech Lake Accord, as we fully expect Premier Getty to do on his part.

SUBMISSION OF LIST OF CANDIDATES TO FILL NOVA SCOTIA VACANCY

Hon. Allan J. MacEachen (Leader of the Opposition): May I ask just an itsy-bitsy question on this subject? Has the Premier of Nova Scotia submitted a list of potential Senate candidates to the Prime Minister?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am under the impression that a list was submitted by the Premier of Nova Scotia a year or so ago in respect of one of the vacancies for that province.

Senator Frith: You are not being hasty about that one, either.

Senator MacEachen: What you are telling us is that the list is there but has not been acted upon; is that correct?

Senator Murray: That is correct, honourable senators.

Senator MacEachen: Think of those people on the list! Have you no heart?

ELECTION IN ALBERTA TO FILL VACANCY—PROSPECTIVE MEETING OF SUCCESSFUL CANDIDATE WITH MINISTER

Hon. Joyce Fairbairn: Honourable senators, I have a question for the Leader of the Government in the Senate. I understand that Mr. Waters, the successful candidate in the Senate election in Alberta, is coming to Ottawa on Friday, perhaps to seek clarification of his future.

Senator Perrault: His enthronement.

Senator Fairbairn: I wonder whether the Leader of the Government in the Senate has received a request from Mr. Waters for an audience. If so, will that meeting take place?

Senator Haidasz: Hear, hear!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have received no such request.

Senator Fairbairn: Honourable senators, if the Leader of the Government did receive such a request from Mr. Waters, would he be prepared to meet with him?

Senator Murray: Honourable senators, I am always happy to meet with visitors, and I understand that Mr. Manning is accompanying Mr. Waters. I will not be able to meet with him on Friday, however.

Senator Bonnell: Oh, oh!

DISASTERS AND ACTS OF TERRORISM

EMERGENCY PREPAREDNESS

Hon. Stanley Haidasz: The tragic earthquake that occurred in the San Francisco area yesterday prompts me to ask the Leader of the Government in the Senate whether there exists, at least for the national capital of Canada, an emergency

preparedness plan to deal with natural and other disasters and acts of terrorism?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that is a rather broad question. However, generally speaking, I think the answer would be in the affirmative. I shall inquire of my colleague, the President of the Privy Council, to see whether there is any more detailed information or elaboration on that question that he would like to convey to the Senate at this time.

NATURAL DISASTERS

EMERGENCY PREPAREDNESS ON WEST COAST—FEDERAL-PROVINCIAL COORDINATION

Hon. Raymond J. Perrault: Honourable senators, the statement was made by the Emergency Coordinator of British Columbia last night that preparation for earthquakes on the west coast, which, as honourable senators know, is in an earthquake zone, are much behind those in force in California. Would it be possible for the government, through the Leader of the Government in the Senate—and I do not ask this question in any confrontational fashion—to report to the Senate on the degree of preparedness and coordination that exists between provincial and federal officials to meet a possible emergency of this kind on the west coast? Seismologists have suggested that there is a big shake scheduled for the west coast. It could happen at any time.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ascertain what information can be made public on that matter at this time. I am not sure, however, that my colleagues would want to compare the preparedness of particular regions in Canada with those in existence elsewhere, but I shall see what information can be obtained in response to the honourable senator's question.

HEALTH

THE SENATE—ANTI-SMOKING REGULATIONS

Hon. Stanley Haidasz: Honourable senators, I have another question on the topic of hazards.

On August 14, 1989, the Speaker of the other place issued a memo to the employees of the House of Commons indicating where they can and cannot smoke. I have asked a question on this subject before, about whether there were any plans with regard to smoking in the workplace of the Senate. I raise the matter again today because I have received several complaints from employees of the Senate who have had to breathe the smoke of employees of the House of Commons, who, because they can no longer smoke in their corridors, are coming here to our chambers and corridors to smoke.

An Hon. Senator: Shame!

Senator Haidasz: When does this government intend to do anything about protecting the health of nonsmokers of the Senate?

[Senator Haidasz.]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, what goes on in the Senate is really not a government concern or area of authority. The reference which the honourable senator is making should really be directed to the Internal Economy Committee; so perhaps he should ask them to protect us from the hazards of the other place.

Senator Haidasz: Honourable senators, I have a supplementary question. Since the Honourable Senator Doody and the Honourable the Leader of the Opposition are members of the Internal Economy Committee, can either of them inform this house whether any discussions or decisions have been taken on this matter?

• (1430)

Senator Doody: The matter has been under discussion in the Standing Committee on Internal Economy, Budgets and Administration for some time and it is an ongoing source of discussion in terms of trying to find a way to accommodate, in a reasonable manner, those people who enjoy smoking and those people who demand protection from these rather stricken people. I have to be very careful, because some of my best friends smoke. In any event, the honourable gentleman is most welcome to come to any of the deliberations of that committee and give us the benefit of his advice in that area.

Senator Haidasz: When is the next meeting?

Senator Doody: It will be tomorrow morning at eleven o'clock. I shall have to check on the time, but I do know that it is tomorrow morning. I hear some gasps of consternation across the way; I hope that time is not too early.

Senator Frith: I think the meeting is scheduled to commence at 9:30 a.m.

CANADA-UNITED STATES FREE TRADE AGREEMENT

FINDING OF PANEL ON WEST COAST FISH LANDINGS—GOVERNMENT ACTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, may we return to the matter of the panel decision on the west coast fisheries?

Yesterday I asked whether the matter ought not to be referred to the U.S. Trade Commission for a solution. I now find that the matter will get to the commission anyway, which is composed of the ministers of trade for the United States and Canada.

I draw attention to the fact that now the government has decided not to make a decision immediately. It is possible for the government—and legitimately possible under the provisions of the Free Trade Agreement—to seek another solution and to negotiate another solution to the problem rather than to accept the panel finding. In fact, my information is that there is considerable leeway for the commission in terms of settling this matter, and only one of the options that it could fall back on would be the acceptance of the report.

Therefore, I am encouraged to ask the minister whether the government will consider seeking a negotiated solution, which is provided for in the Free Trade Agreement, rather than accepting this particular panel finding.

I was surprised that Ms. Hills said she expected Canada to act promptly and accept the finding. I am glad the government did not fall for that imperious demand, which is not really fully compatible with the spirit of the Free Trade Agreement.

I am basically saying that I hope that the government, and ask whether the government, will seek other solutions rather than this particular one, which will cause so much disruption on the west coast.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, without accepting fully the apprehensions of the honourable senator with regard to the impact of this ruling on the west coast, I can tell him that, yes, we will consider the alternatives he has mentioned; but I have to state that there were extensive bilateral discussions on this matter between Canada and the United States and it was because those discussions did not produce an agreement that the United States exercised its rights under the FTA to have a binational panel rule on this dispute. It is in that context, I suppose, that Secretary Hills' desire to see the matter resolved in a final way is understandable.

Senator MacEachen: If the Government of Canada accepts this finding, it will become a very important precedent that will govern the fisheries on both the west and east coasts.

Senator Roblin: A grandfather clause.

FINDING OF PANEL ON WEST COAST FISH LANDINGS—IMPACT OF ACCEPTANCE ON EAST COAST FISH LANDINGS

Hon. Allan J. MacEachen (Leader of the Opposition): I ask the minister whether the government has considered, or can throw any light on, the implications that this acceptance of the finding would have on the fisheries on the east coast. I do not want to make any further comment. I just ask the minister whether consideration will be given to that question and whether he can give me any information about the results of any consideration?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the panel did confirm our right to manage our fishery, but with regard to the impact of the finding, if any, on the east coast, this matter is now under consideration by the government. We are attempting to examine, as I say, what impact, if any, the report would have elsewhere, and I will report to the honourable senator on that matter in due course.

REPRODUCTIVE TECHNOLOGY

PROPOSED ROYAL COMMISSION—GOVERNMENT ACTION—REQUEST FOR ANSWER

Hon. Lorna Marsden: Honourable senators, last month I asked the Leader of the Government in the Senate when we could expect to hear about the promised royal commission on reproductive technology. The response was that the announcement was imminent. We have not yet heard, and I should like to ask the Leader of the Government in the Senate if the government is delaying that announcement until it makes whatever moves it plans to take on the abortion question.

Senator Frith: It is not very productive, let alone reproductive.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Absolutely not, honourable senators. I had expected the announcement of the terms of reference and the membership of the royal commission on reproductive technologies to have been made by now, but I can assure the honourable senator that that announcement is days, not weeks, away—perhaps even only hours away.

CANADA-UNITED STATES FREE TRADE AGREEMENT

FINDING OF PANEL ON WEST COAST FISH LANDINGS—COMMENTS OF MINISTER—GOVERNMENT POSITION

Hon. L. Norbert Thériault: Honourable senators, I read an article in *The Ottawa Citizen* which comments on the decision of the panel regarding the west coast fishery. I should like to ask the government leader in the Senate if the International Trade Minister, Mr. Crosbie, is reflecting the position of the government when, in his comments on the decision, he says that it was a victory?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the statement that we have made, and which I think is to be found in a joint communiqué put out by Mr. Crosbie and the Minister of Fisheries, Mr. Siddon, is that Canada is encouraged that the panel has accepted the legitimacy of the landing requirements to conserve and manage these important west coast fisheries. This had been challenged by the United States. Furthermore, Canada is pleased that the panel has approved the application of the landing requirement to all five species of salmon. What the panel has proposed is that the 100 per cent landing requirement be modified to exempt up to 10 to 20 per cent of catches in particular fisheries from landings where this would not impede our conservation management program.

The panel makes it perfectly clear that Canada retains its sovereign discretion to require 100 per cent landings in particular fishery areas where this is essential for data-collection and enforcement needs. Finally, the government is carefully evaluating the report in consultation with industry and the provinces and will determine its position on acceptance afterwards. However, as I have indicated, the government is very pleased with a number of aspects of this report.

Senator Thériault: Honourable senators, the Leader of the Government in the Senate has really confirmed my concern about the position of the Government of Canada.

Have we not reached a sad state of affairs when we are grateful over a decision that is made allowing us to manage 80 per cent of our fisheries? What is becoming of this country? We are now told that the government accepts with gratefulness the fact that we are now permitted by a foreign power to manage 80 per cent of our fishery. I can tell you that fishermen and the fishing industry on the east coast are not happy with that.

● (1440)

Senator Murray: Honourable senators, as I have indicated, the ruling applies to the west coast. We are considering what impact, if any, the ruling will have on the east coast.

I should remind the honourable senator today, as I reminded Senator Perrault yesterday, that just about two years ago the GATT panel ruled that our export restrictions on those species were inconsistent with the GATT. So we removed those restrictions in April, 1989, and replaced them with landing requirements. Then there were concerns expressed by the United States, the negotiations to which I referred, and then the invocation by the United States of the binational panel.

We cannot live apart from the world. We live and trade in the world. There are processes and rules, and, happily, there are institutions to which we and our trading partners can have recourse in matters of this kind. I would not have it any other way. I think it is illusory for the honourable senator to think that we could have it any other way.

Senator Thériault: Honourable senators, the people of Canada lived and prospered under the trading arrangement that was in place prior to the FTA, or the sell-out by this government to President Reagan.

If the Leader of the Government in the Senate knows anything about fisheries, he should know that there is no way that they will be able to monitor the landings, whether they are set at 90 per cent, 80 per cent, 70 per cent or 60 per cent. There is no way of monitoring whether the fish are sold directly offshore or landed. That is something the leader should know.

Our fishermen are concerned and so is our fisheries industry; this is the first decision given by a panel set up under the FTA and it has been called a victory by the Americans. What worries me is that the Minister for International Trade for Canada calls it a victory because we are allowed to manage 80 per cent of our fishery. This is a sad day for Canada.

Senator Murray: The honourable senator has obviously not paid much attention to what the Minister for International Trade has said. He has expressed his satisfaction with certain aspects of this report.

Again, it should not be necessary to remind an honourable senator from the province of New Brunswick that three million jobs—three million jobs in this country—depend on international trade. We have to live in that world and, as I say, respect the rules, the processes and institutions that are available to us to conduct our trade and to continue to prosper in a more open international trading environment.

Some Hon. Senators: Hear, hear!

[Senator Thériault.]

Senator Thériault: Honourable senators, the Leader of the Government in the Senate may get a hearing here with that statement, but I would like him to go down and repeat that statement to the fishermen of New Brunswick.

DRUG TRAFFICKING

PROVISION OF FUNDS TO RCMP TO COMBAT PROBLEM

Hon. M. Lorne Bonnell: Honourable senators, could the Leader of the Government in the Senate advise if the government is considering supplementary estimates to supply the RCMP with funds to stop drug trafficking in this country?

Apparently the head people in the RCMP are saying that their fight against illegal drugs is a sham, that major investigations which had been started had to be stopped because there were no funds available.

Our Prime Minister went down to the United States on holidays and promised to fight the war against illegal drugs; yet major investigations into illegal drugs coming into this country had to be stopped halfway through because of lack of funds.

Is there any possibility that the government will consider providing supplementary estimates to the RCMP so that they can stop illegal drugs coming into this country?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Unfortunately, honourable senators, the statement made on this matter by the responsible minister, the Solicitor General, Mr. Blais, has escaped the attention of Senator Bonnell.

The minister has stated that this shortage of financial resources is not impeding, and will not impede, the mounted police in the conducting of their work against the illegal drug trade. There is sufficient financial flexibility within the RCMP budget to enable them to transfer funds from one category to another, depending upon the priorities of the day, if they are running short.

The minister, Mr. Blais, has replied in quite definitive fashion on this matter, and I will obtain a copy of his statement and see that Senator Bonnell gets it.

Senator Bonnell: Honourable senators, it is fine for the leader to say that funds can be juggled or transferred. Funds can be transferred now to South Africa. I am talking about what some members of the RCMP are saying. We are taught to trust the RCMP. We are taught to believe that they are here to protect us. We are taught to have faith in the RCMP. Is the Leader of the Government in the Senate saying they are lying? If so, then we should have an inquiry and find out firsthand, because the RCMP are saying:

> Major criminal investigations have been halted before completion. And strong cases that should have been investigated had to be ignored.

They say that is because of a lack of funds.

The leader can say that funds can be transferred. Why does he not tell the RCMP that? Never mind telling the press; tell

the RCMP so they will know that funds are available and that our borders can be protected.

Senator Murray: Would the honourable senator identify the RCMP officer to whom that statement is attributed?

Senator Bonnell: No, I cannot; but I can identify the newspaper. This article is in *The Ottawa Citizen.* I do not know whether to believe the minister or the RCMP, but I do want to believe the Leader of the Government.

Senator Murray: The point I am trying to make is that the honourable senator is quoting from an article in *The Ottawa Citizen* that attributes to unnamed, unidentified police sources certain statements about the RCMP's financial capacity to carry on its campaign against illegal drugs. I thought those statements had been put to rest by the responsible minister, the Honourable Pierre Blais, Solicitor General of Canada.

I am also told, although I have no firsthand evidence, that the spokesmen for the mounted police have, on the national news network, denied the very story the honourable senator is placing on the record today.

VIA RAIL

CUTBACKS IN SERVICE—STATUS OF HALIFAX MAINTENANCE FACILITY

Hon. Charles McElman: Honourable senators, the Leader of the Government will recall that two weeks ago I asked questions regarding VIA Rail. At that time there was a divergence of understanding with respect to the Halifax maintenance facilities. Has that been cleared up?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): It certainly has to my satisfaction, honourable senators. The statements that I had made in the Senate were correct. I believe Mr. Lawless was mistaken in his news conference.

I believe my friend, the Deputy Leader of the Government in the Senate, has a delayed answer dealing with the matter. In fact he has three delayed answers to questions Senator McElman put on October 4, including the question respecting the Halifax maintenance facilities.

Senator McElman: Perhaps, then, the deputy leader could read that answer.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have answers to six questions, all asked on October 4. Three of them are responses to questions from Senator McElman regarding VIA Rail. I have copies of all of these answers and, as I undertook to do yesterday, they will be distributed as I identify each subject. I ask that they be printed in *Hansard* as part of today's proceedings.

• (1450)

VIA RAIL

NATURE OF CHANGES—REQUEST FOR CLARIFICATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4 last by the Honourable Senator Denis regarding VIA Rail—Nature of Changes—Request for Clarification.

(*The answer follows:*)

VIA Rail Canada Inc. issued an information package on October 4th, in Ottawa.

Included in this package is "Fact Sheet 2" which lists the route frequencies within the VIA system on a "before" and "after" basis. A copy of the VIA fact sheet is attached.

VIA RAIL CANADA INC.

REVISED NETWORK AS OF JANUARY 15, 1990

	Frequency	
Service	*Current*	*1990*
Atlantic Canada		
The "Ocean":[1] Montreal-Mont-Joli-Matapedia-Moncton-Halifax	7	3
The "Chaleur": Montreal-Matapedia-Gaspé	7	3
The "Atlantic": Montreal-Saint-John-Moncton-Halifax	7	3
Central Canada		
Montreal-Toronto (daylight service)	36	36
Ottawa-Toronto	26	19
Montreal-Ottawa	36	22
Toronto-Windsor	30	30[2a]
Toronto-London	81	44
Toronto-Niagara Falls[2]	21	14
Toronto-Sarnia[3]	28	14[3a]
Montreal-Quebec	28	21
Montreal-Senneterre	3	3
Montreal-Jonquière	3	3
Senneterre-Cochrane	3	3
Sudbury-White River	3	3
Western Canada		
The "SuperContinental" Toronto-Winnipeg-Edmonton-Vancouver	7	3
Jasper-Prince Rupert	3	3
The Pas-Lynn Lake	3	3
Wabowden-Churchill	1	1

Service	Frequency Current	1990
Winnipeg-Churchill	3	3
Rocky Mountaineer (summer only)	1	1

(1) The "Ocean operates thrice weekly: Montreal-Halifax. On alternate days, the "Chaleur" operates Montreal-Gaspé and the "Atlantic" operates Montreal-Halifax. This means Montreal-Matapedia and Montreal-Halifax receive service six days a week.
(2) Includes the "Maple Leaf", operating daily between Toronto and New York (in conjunction with Amtrak).
(2a) Via Brantford.
(3) Includes the "International", operating daily between Toronto and Chicago (in conjunction with Amtrak).
(3a) Via Stratford.

VIA RAIL

CUTBACKS IN SERVICE—COST OF SEVERANCE PAYMENTS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4, 1989, by the Honourable Charles McElman regarding VIA Rail—Cutbacks in Service—Cost of Severance Payments.

(*The answer follows:*)

VIA has set the cost of separation allowances and benefits that will be paid to VIA employees, as a result of the changed network, at $140 million over the 5-year period covered by its 1989-93 Corporate Plan.

TRANSPORT

TERMS OF REFERENCE AND COMPOSITION OF ROYAL COMMISSION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4, 1989, by the Honourable Charles McElman regarding Transport—Terms of Reference and Composition of Royal Commission.

(*The answer follows:*)

On October 4, 1989, Prime Minister Brian Mulroney announced that he will be establishing a Royal Commission on a National Passenger Transportation System for the twenty-first century.

A copy of the Prime Minister's announcement and the terms of reference for the Royal Commission are attached.

OFFICE OF THE PRIME MINISTER

Date: October 4, 1989

For release: Immediate

ROYAL COMMISSION ON A NATIONAL PASSENGER TRANSPORTATION SYSTEM FOR THE TWENTY-FIRST CENTURY

Prime Minister Brian Mulroney today announced that he will be establishing a Royal Commission on a National Passenger Transportation System for the twenty-first century.

The Royal Commission will be asked to inquire into and recommend solutions on:

—the role of a national integrated inter-city passenger transportation system and its relationship to the entire transportation system;

—the structure of a suitable multi-model transportation system, demonstrating the linkages;

—the potential for and constraints on achieving a national system; and

—appropriate financial arrangements to achieve such a system, taking into account the jurisdiction of all levels of government and the role of the private sector.

"The Commission will look ahead into the twenty-first century to advise governments on the needs of Canadians and on the relationships between the modes of transport of the future", the Prime Minister said. "This Royal Commission, through its wide consultation and broad mandate, is expected to provide a clear action plan that will ensure that the transportation links among Canada's regions are maintained and improved."

The Prime Minister stressed the importance of taking into account the wide range of interests of Canadians and the respective roles of all levels of government and the private sector in the provision of inter-city services. He also emphasized the necessity to balance Canada's transportation needs with the government's policy of environmentally sustainable economic development.

The Royal Commission will examine Canada's unique social and demographic trends and look ahead to the ways the transportation system must respond to meet the competing needs and demands of users, operators, employees and other interested parties.

The Prime Minister concluded that he expects this Commission to provide Canadians with a blueprint for a comprehensive, co-ordinated passenger system to take us well into the twenty-first century.

The membership of the Commission will be announced shortly.

A ROYAL COMMISSION ON A NATIONAL PASSENGER TRANSPORTATION SYSTEM FOR THE 21ST CENTURY—THE MANDATE

The Commission will be established under Part I of the Inquiries Act to inquire into and report upon a national integrated inter-city passenger transportation system to meet the needs of Canada and Canadians in the 21st

century and to ensure that transportation links among Canada's regions and communities are maintained and improved.

The study will include an examination of:

(a) the role of a national integrated inter-city passenger transportation system, in the context of:

—the relationship of the inter-city passenger system with the whole transportation system;

—the current extent and state of Canada's inter-city passenger transportation system;

—demographic and population trends;

—social trends and user preferences;

—technological developments in the transportation industry;

—international transportation developments and how they could impact on Canada's competitiveness;

—the economic prospects for the Canadian economy and their likely impact on inter-city passenger transportation requirements;

—the mobility needs of Canadians;

(b) the structure of a national integrated inter-city passenger transportation system for transportation by air, marine, highway and rail and the relations among the modes, taking into account:

—the means to encourage Canadians to travel within Canada;

—the appropriate mix among various modes so as to maximize the effectiveness, efficiency and competitiveness of the system;

—the financial implications of such a system, including initial capital requirements as well as the cost of maintaining and operating the system;

—the promotion of energy efficient means of transportation;

—the environmental impact of various options in order to achieve a balance between the environmental impact and the transportation needs of Canadians;

(c) the potential for and the constraints on achieving a national integrated inter-city passenger transportation system by:

—advising on the institutional arrangements required, including any arrangements needed to rationalize and coordinate the respective roles of the three levels of government in Canada in the provision of inter-city passenger transportation services;

—examining the relevant labour relations environment;

—assessing the transportation industry-government interface;

(d) the appropriate financial arrangements to achieve a national integrated inter-city passenger transportation system by:

—taking into account the jurisdictions of the different levels of government and the role of the private sector;

—taking into account the overall cost to Canadians;

—considering the concept of appropriate user shares; and

—examining means of attracting private financing to major transportation projects.

VIA RAIL

CUTBACKS IN SERVICE—NEW BRUNSWICK RIDERSHIP—STATUS OF HALIFAX MAINTENANCE FACILITY—ATLANTIC PROVINCES' DISPROPORTIONATE SHARE OF CUTBACKS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4, 1989, by the Honourable Charles McElman regarding VIA Rail—Cutbacks in Service—New Brunswick Ridership—Status of Halifax Maintenance Facility—Atlantic Provinces' Disproportionate Share of Cutbacks.

(*The answer follows:*)

In making his public statements in Ottawa on October 4th on behalf of VIA Rail Canada Inc., President Ron Lawless issued a "Backgrounder" package on VIA's Corporate Plan.

Included in that release as "Fact Sheet 3" is a list of the expected employment impacts by province, compared to the current active work force in each province. A copy of the fact sheet is attached.

This fact sheet shows that 442 layoffs, or 63 per cent, out of a current active VIA work force in the Maritimes of 700. There will be a total of 2,671 layoffs across Canada or 37 per cent, out of a current active VIA work force of 7,300.

Supplementary Point

The preamble to Senator McElman's question correctly quotes Mr. Lawless as stating, in his press conference, that the Halifax maintenance centre would close for a job loss of 190.

On October 4th, however, VIA Public Affairs issued a brief statement to clarify this remark by Mr. Lawless. The release states: "While the network contemplates job loss at the maintenance centre, the facility itself will remain open with a reduced level of activity." A copy of the release is attached.

VIA RAIL CANADA INC.

EMPLOYMENT IMPACT BY PROVINCE

	Non-Union	*Union*	*Total Layoffs*	*Current Active Work Force*
Atlantic Canada				
Halifax			154	
Moncton			210	
Other			78	—
Total Nova Scotia			204	
Total New Brunswick			238	
TOTAL MARITIMES	51	391	442	700
Quebec (incl. H.Q.)				
Montreal			913	
Quebec			22	
Other			59	—
TOTAL QUEBEC	515	479	994	3,300
Ontario				
Toronto			691	
London			18	
Sarnia			12	
Niagara			6	
Other			35	
TOTAL ONTARIO	40	722	762	2,000
West				
Winnipeg			217	
Vancouver			221	
Other			125	
Total Manitoba			224	
Total Saskatchewan			35	
Total Alberta			85	
Total British Columbia			220	
TOTAL WEST	53	510	563	1,300
TOTAL VIA	659	2,102	2,761	7,300

Clarification on Halifax Maintenance Centre

The following statement of clarification was issued today by Ronald Lawless, president and chief executive officer at VIA.

"Earlier today during an Ottawa press conference VIA indicated that the restructuring of the company would require closure of the Halifax maintenance centre.

"While the network contemplates job loss at the maintenance centre, the facility itself will remain open with a reduced level of activity.

October 4, 1989

Public Affairs
VIA Rail Canada Inc.

VIA RAIL

STATEMENT BY MINISTER OF TRANSPORT—CUTBACKS IN SERVICE AND LAYOFFS—TRUCKING INDUSTRY SUBSIDIES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4, 1989, by the Honourable Louis J. Robichaud regarding VIA Rail—Statement by Minister of Transport—Cutbacks in Service and Layoffs—Trucking Industry Subsidies.

(*The answer follows:*)

The only direct subsidy paid to the trucking industry is through the Atlantic Region Freight Assistance Act (ARFAA). The amount paid in 1988 was 71.23 million dollars.

This is received exclusively by carriers in the four Atlantic provinces and the portion of Quebec lying south of the St. Lawrence River and east of Lévis.

Any hidden subsidies to the trucking industry are not currently verifiable due to the lack of detailed road cost information available.

FEDERAL AND PROVINCIAL ROAD REVENUE
($ MILLIONS)
1987/88

Fuel		
Provincial	$3,627.37	
Federal	3,238.24	
Subtotal	6,825.61	
Licences, Registrations, Permits, etc.	1,301.24	
Tolls	23.69	
TOTAL		$8,190.54

Trucking contributes approximately $1.5 billion to the above revenues.

FEDERAL AND PROVINCIAL EXPENDITURES ON ROADS
1987/88

Capital	$2,388.32	
Operations	1,720.14	
Grants and Transfers	911.16	
TOTAL		$5,019.62
DIFFERENCE		$3,170.92

DRUG TRAFFICKING

MONEY LAUNDERING THROUGH CANADIAN BANKS—GOVERNMENT ACTION—ENFORCEMENT PROCEDURE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4, 1989, by the Honourable Peter Stollery regarding Drug Trafficking—Money Laundering through Canadian Banks—Government Action—Enforcement Procedure.

(*The answer follows:*)

Because money laundering is a crime in Canada, any case where a bank or an individual is suspected, on reasonable grounds, of money laundering is investigated and where sufficient envidence is found, charges are laid. The Courts determine whether the evidence supports a finding that money laundering has occurred. There have been a number of convictions against individuals using different Canadian banks for the purpose of money laundering. In none of these cases was there any evidence that the banks were aware that they were being used to launder proceeds of crime. It would of course not be appropriate for me to comment on cases of money laundering that are presently being investigated. I can, however, state that efforts will continue to detect the use of Canadian banks for money laundering and that charges of money laundering will be laid where the evidence warrants it.

INTERNATIONAL CENTRE FOR HUMAN RIGHTS AND DEMOCRATIC DEVELOPMENT

REQUEST FOR STATUS REPORT—REQUEST FOR ANSWER

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wonder if the deputy leader has the answer to my question about the International Centre for Human Rights and Democratic Development.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I thought it had been tabled shortly after my friend asked for it.

Senator Doody: It has already been answered, senator, according to my notes.

FORGIVENESS OF DEBTS (SUB-SAHARAN AFRICA) BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bazin, for the second reading of the Bill C-10, an act relating to the forgiveness of debts incurred or assumed in respect of certain official development assistance loans made by the Government of Canada to the governments of certain countries in sub-Saharan Africa.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, there are a number of reasons why I welcome the introduction of Bill C-10, relating to the forgiveness of debts by the Government of Canada to certain countries in sub-Saharan Africa. In his comments Senator Ottenheimer referred to the fact that in 1977 Canada cancelled the official development assistance debts incurred by 12 of the least developed countries and agreed to make all additional aid to these countries in the form of grants.

The decision in the bill, of course, is a continuation of the policy which was adopted in 1977 and which arose in the context of the Conference of International Economic Cooperation, which I had the opportunity of co-chairing with the Venezuelan minister, Dr. Pérez Guerrero. I am pleased, therefore, that this policy is reflected in the bill. It is as sound now as it was then, but I must say that its significance in today's context is not as great as it was in 1977, and I will refer to that context later.

The second reason why I welcome Bill C-10 is that it will provide a measure of relief to a group of countries that are in desperate need of help—of any kind of help. We ought to acknowledge that the measure is a modest one; and, indeed, the Minister for International Relations, when introducing Bill C-10 in the other place on May 26, 1989, seemed to be taking some pride in the fact that this measure will cost Canada almost nothing. It is a sad fact that, in the logic of poverty and underdevelopment, nothing to Canada may mean something to others in desperate need. The budget that cut ODA in real terms certainly meant something to those in the greatest need and is a much better weather vane of the government's commitment to development than is this legislation.

When Senator Ottenheimer admitted yesterday that the amount of the debt to be forgiven under this bill is modest in comparison to the overall debt burden of the countries concerned, he was not exaggerating. For instance, although we are forgiving Senegal of $16.8 million of debt, that amounts to only one-half of 1 per cent of Senegal's external debt. So it is a help, but it is a modest help.

My third reason for welcoming the introduction of Bill C-10 is that it provides us with a rare opportunity to consider one of the gravest problems confronting the international community, which is the growth and size of foreign indebtedness, particularly the indebtedness of the poorest countries, but also of those countries, including some middle-income countries, that have come to be known under the new acronym HIC, the highly indebted countries.

In April 1987 we received a far-reaching report on Canada and the debt problems of the developing countries from our Standing Committee on Foreign Affairs. I participated, as did a number of other senators, in the preparation of that report. I regard it as a valuable contribution. It reflects the concerns that we had at that time, which have not been dispelled by recent events. This fundamental issue deserves to be revisited.

Going back for a moment to 1977, I wish to recall that Canada cancelled the debt owed under Official Development Assistance loans to 12 of the poorest developing countries. It was an innovative move at the time because of the then prevailing view among most industrial nations that the biggest problem was not with debt but with recycling petro-dollars. They also believed that the cancellation of debt, even on a modest scale, would strike a fatal blow to confidence, the vital ingredient of the creditor-debtor relationship. Thus, the untouchable character of debt was raised to the level of principle.

We were told that if the principle were breached there would be dire consequences. Yet, in reaching that decision we did breach the principle and the monetary world did not come crashing down. Indeed, if some of the countries that opposed our move at the time had displayed then the same kind of wisdom they are displaying now under the duress of reality, the debt problems of the world would probably not have deteriorated so dangerously.

We now have the Mitterand Plan, the Miyazawa Plan and the Brady Plan, which deal not only with concessional debt but also with nonconcessional debt; they include debt discount, debt abatement or, under the French plan, outright write-off for some official debts. Nevertheless, welcome as these proposals are, they come after more than a decade of crisis, tension and deterioration. Is this once again the classic case of too little, too late?

In this perspective, Bill C-10 has the right lineage, but, with the principle of debt forgiveness now generally accepted for certain categories of debtors, the effect of this bill is rather modest and may be miniscule. By the late 1970s the concessionality of Canadian ODA soft loans was so great that they amounted to a 90 per cent grant.

Since 1986 Canadian Official Development Assistance is provided in the form of grants and therefore is not contributing to indebtedness. Further measures were taken in 1986 and 1987 to extend a moratorium on debt repayment by certain countries and to forgive ODA debts for the benefit of some others. It is clear that, with various debt cancellation measures in place and with a zero interest rate on virtually all past loans to the poorest, 50 years maturity and long periods of grace, the forgiveness provided for in C-10 is little more than a bookeeping operation. The real challenge, on which we have heard nothing from Senator Ottenheimer, is: How is the debt problem developing after the Baker and the Brady Plans? What should an adequate policy response be?

● (1500)

The authoritative World Bank publication entitled "World Debt Tables" contains a sobering account of the evolution of the debt problem of developing countries, since a consensus was formed in 1985 around what became known as the Baker Plan. It will be recalled that the main features of this plan, which were fully dealt with in the report of the Standing Senate Committee on Foreign Affairs, included adjustment leading to growth, adequate external finance, and the pursuit of economic expansion policies by industrialized countries. Debt problems were to be submitted to the "case-by-case approach." It is now clear that, overall, the debt problem has not been turned around. Indeed, in the language of the World Bank, "most of the indebted countries are no better off than in 1982—when the debt crisis erupted."

[Senator MacEachen.]

A few figures tell the tale. Debt disbursed and outstanding has doubled since 1982; service payments on a cash basis are one-third higher; net transfers to the developing countries moved from a positive U.S. $18.2 billion in 1982 to an estimated reverse flow of U.S. $43 billion in 1988. This reverse flow has nearly doubled since 1985, which is roughly since the Baker Plan. As the World Bank points out:

> New money commitments from commercial banks were a modest U.S. $7.5 billion in 1988 (including $5.2 billion to Brazil) and only very partially refinanced interest payments.

Clearly, while there has been significant restructuring by a number of debtors and sizable provisions against losses by banks, with a consequent reduction of threat to the international banking system, several things have gone wrong. First, the burden of adjustment, after initially reducing per capita income and consumption in the countries concerned, has fallen heavily on investment, and that means mortgaging growth. Second, new private lending has failed to materialize on an adequate scale in view of uncertain growth prospects. Third, a return flow of flight capital has also failed to materialize in view of all these uncertainties. Add to that recurring inflation, budgetary deficits, rising interest rates, weak commodity prices and a slowdown of growth in industrialized countries and the conclusion becomes clear: the Baker Plan has failed to turn the situation around.

These developments are particularly severe in low-income Africa, where per capita income is only three-quarters of the level achieved in the 1970s and per capita investment has fallen by 50 per cent; corresponding investment figures for the highly indebted countries show a reduction by about a third; per capita income is also lower than in the 1970s.

In order to characterize the evolution of the situation since 1982, one is tempted to say that an investment crisis has piled on top of a debt crisis.

For the past two decades average official development assistance in the OECD region has stagnated at around 0.35 of GNP. With a number of industrialized countries, including Canada, running huge budget deficits, the prospects for large ODA increases are not good. It is also doubtful that, with current world economic conditions and growth prospects, massive private investment and flight capital will flow into the developing countries in the foreseeable future. It will take some time to move these around in order to get net transfers in the right direction again, and that is from industrialized to developing countries. In the meantime, our efforts should focus on what we can get a hand on; that is, to bring the debt overhang under control.

It is not my purpose to review the successor to the Baker Plan, the so-called Brady Plan, outlined by the new United

States Secretary of the Treasury in March of this year, let alone pass judgment on it and on the other measures proposed by Japan, France and Germany earlier this year. Their basic purpose is to cut down the debt overhang by alleviating the burden of debt service and to create incentives for new investment in the developing countries. Inasmuch as they hit on these targets, they evince a much more realistic appraisal of the challenge. Also welcome are the new programs and facilities operated by the World Bank and the IMF, such as the Bank's fast-disbursing, structural and sectoral adjustment loans and partial guarantees to commercial banks, and the IMF Compensatory and Contingent Financing Facility, the Structural Adjustment Facility and the Extended Fund Facility.

All of these are various mechanisms ingeniously put together in order to provide additional funds, in some cases with guarantees. Notwithstanding the size of the debt overhang, and despite the difficulties of the situation, I believe that the creditor community has taken some significant steps.

Its initial response to the crisis of the early 1980s was basically to roll over debts and ensure that interest would continue to be paid in order to avoid default. Later, bank reserves were built up against possible losses and banks were encouraged to resume lending. What we now have is a sophisticated set of options for debtor countries and creditors with provisions for debt write-down and support of adjustment policies. The latest round of negotiations over the Mexican debt, which led to the acceptance of a substantial write-down by the banks, suggests that the new approach may be workable; of lesser size but of equal interest are the deals worked out with Bolivia and Costa Rica. These countries are using ODA provided by some donors to purchase their debt at a very significant discount on the secondary market.

Honourable senators who participated in our discussions in the Foreign Affairs Committee just a few short years ago will recall how difficult the question of debt write-downs was seen and how uncertain, in a sense, the possibility of purchasing discounted debt in secondary markets was also seen at the same time. I believe that some progress has been made in that direction.

But reducing the debt overhang, however necessary, is not in itself the solution to the problems created by an excessive accumulation of debts. It certainly is an indispensable contribution to renewed lending, direct and portfolio investment, the return flow of flight capital, and the successful pursuit of adjustment policies, which, all combined, add up to new investment and growth. The Baker Plan failed because the debt overhang was not adequately dealt with and new lending for investment failed to materialize. That will also be the acid test of the Brady Plan.

● (1510)

I am glad to note that these developments in handling international debt problems are very much in keeping with the conclusions and recommendations of the Standing Senate Committee on Foreign Affairs. The analysis and prognostications contained in its report have, broadly, been vindicated by events, and that is something that we can realize with satisfaction.

Senator Ottenheimer referred to the policy statement of the government issued in March 1988, called "Sharing Our Future". That publication could have been an opportunity for the government to give us some idea of its attitudes towards the overall debt question. However, the government did not respond at all in any detailed way to the report of the Foreign Affairs Committee tabled in this house, and the document to which Senator Ottenheimer refers is weak, indeed, on this important question.

Mrs. Landry called the document entitled "Sharing Our Future" a strategy and an action plan. Yet the list of measures mentioned in the relevant chapter is nothing but the recitation of measures already taken or already announced reaching back to 1977. Those measures are no doubt laudable, but I should have thought that a strategy and an action plan would look forward, not merely backward.

Of greater significance still is the government's perception of how to cope with the debt problem of the developing countries. It is stated in the same document that:

> The cornerstone of the international approach is continued internal structural adjustment by the debtor countries.

In brief, the heart of the solution is for debtor countries to put their own houses in order and to tighten their belts. There is faint acknowledgement in the document of the short-term, negative effect of the belt-tightening process on the poorest countries. We certainly heard plenty of evidence in our committee on how adjustment programs, by and of themselves, could weaken, if not wreck, the economies of these countries.

I argued previously in the committee, and I still argue today, that structural adjustment is an essential ingredient in resolving the debt problems. Countries like Brazil, Mexico, Argentina and others must adopt sound fiscal policies. They must decrease the role of the state in the operation of the economy. There are a number of "tried-and-true" solutions that are widely acknowledged to be essential to the structural adjustment of developing countries. But structural adjustment is merely one element. Another equally important element is the resumption of commercial lending to developing countries and of productive investments. That was recognized as early as the 1985 Baker Plan.

I should like to have seen a more positive or comprehensive statement from the government on these problems in the statement made yesterday by Senator Ottenheimer. He dealt entirely with the poorest countries, for example, sub-Saharan Africa, which is fine, but it would have been helpful to have heard from him how the government views the evolution of the overall debt question, particularly by the middle-income countries.

I would be remiss, honourable senators, if I did not make a brief reference to the debt problems of eastern European countries. We are all in a sense struck, if not overwhelmed, by the pace of change in eastern Europe at the present time. Last

week I had occasion, along with a number of other senators, to attend a conference in the Federal Republic of Germany at which the changes taking place in eastern Europe were discussed. It was discussed almost in an atmosphere of disbelief that, for example, there would be a non-Communist government and prime minister in Poland, and that in Hungary the Communist Party itself had decreed its own extinction. These are, in the views of western Europeans, revolutionary developments with tremendous implications for the future, not only of western Europe itself but also of North America.

We are all wondering how we can participate, or if we should participate. If we do, to what extent? In rebuilding the economies of eastern European countries, should we extend credit? Should we have a Marshall Plan, or something like a Marshall Plan? How long will it take countries like Poland, Hungary and Russia to incorporate into their cultures what we regard as the private enterprise system? Some important commentators would say that Russia itself probably will take 30 years to readapt its economy and have it function as a private sector economy.

The debt problems of eastern European countries are not so much related to underdevelopment as to the rigid enforcement of outdated and inefficient economic management. Now that eastern Europe is on the move, we shall have to bring these problems to the fore, particularly since Canada is a significant holder of eastern European debts. The Prime Minster's recent speech in San Francisco is evidence that the government is awakening to eastern European developments. I should add that it is awakening somewhat timidly. What is happening there is a major challenge for Canada and a major challenge politically and economically to Canadian leadership.

When one looks back at the debt problems of the world, and particularly those of most developing countries since the early 1980s, one cannot but be struck by the dramatic deterioration of their position. One is naturally inclined to measure that deterioration by the colossal size of this accumulated debt, by the debt charges on the developing countries, and by the consequent reverse flows. But the biggest negative factor may lie elsewhere. It may be the accumulation of debt by the United States. After all, international savings are not unlimited. The financing of the United States' balance of payments deficit and budget deficit enters into direct competition with the financing of the developing countries' debt charges and development efforts.

● (1520)

While the quality of various plans to help with the debt problems of the developing countries may be improving, the environment for solutions is deteriorating, and I think it is a matter for regret. As I stated in the Senate earlier, Canada is now following the U.S.A. lead by increasingly financing its budget debt out of foreign savings. I made a detailed series of comments on that question earlier. Approximately 19 per cent, or about $50 billion, of Canada's outstanding public debt is already held by nonresidents. That is a big sum of money. That fact is contained in the Fiscal Plan, 1989, page 120.

[Senator MacEachen.]

In brief and in conclusion, while old debts owed to us by some countries are erased by Bill C-10 at no cost to Canada, our own budget and debt management are contributing to the deterioration of the environment for the solution of the debt problem—a development that will not improve the credibility of either the U.S.A. or Canada among the developing countries.

Hon. Duff Roblin: Honourable senators, I am moved by the very interesting speech given by the Leader of the Opposition to add a few comments on this most important topic. It is not that on the spur of the moment like this I think I shall be able to make a significantly constructive addition to some of the ideas he has put forward; I simply want to emphasize some of the points he has made and perhaps offer one or two observations that might be different in some respects.

I am glad to support the bill, because, regardless of its defects—and one has to admit that it is not earth-shaking, it is a good bill and follows up on a policy that has been adopted within the last six or seven years of realistically forgiving debt to people who cannot pay; and here I am talking of debt between governments. In my opinion, that is a good idea under the present circumstances, and I am sure we will hear more about that before we are through. So the bill is a good one, although I do not think anyone has made extravagant claims that it will deal with the whole situation of the world-debt problem and financial transfers, which, of course, far transcend anything we in Canada can do, apart from what may be included in this interesting bill.

It seems to me that the point my honourable friend made that deserves reiteration is the deterioration of the standard of living in many of the countries in the Third World who are in debt. It is perfectly true that some of the measures proposed by the IMF to restore the management of their economy to a sensible basis—although good in themselves but not entirely suitable in some cases—while by and large good, have the short-term effect of reducing the standard of living in those countries. At least in the short term they have done very little to add to their growth. Of course, the IMF was never intended to do anything else than to give a short-term lift to get over the immediate debt problems.

However, if you are talking about the growth and development of those countries as a separate policy, as I think you must, then the World Bank is the place to which you must look, because they are the people who are providing the long-term money. It is being said these days, and perhaps it is true, that it is wrong to have these two kinds of banks, and that they should be working in tandem. They should be dealing with the debt problem, but in a way that does something to help the productive capacity of a country. Thus, the burden that has depressed the standard of living in Mexico and other places so tragically is recognized from the beginning and some effort is put in place to improve it as we start into dealing with these problems. That is a view that I share, but apparently one which will not be implemented in the very near future.

I recall well the Standing Senate Committee on Foreign Affairs' dealing with this general problem. I must confess that,

although I signed the report and agreed with it, and did not have a better idea myself, I was not particularly happy with the main thrust of the conclusion that we shall continue to deal with these international debts on a case-by-case basis. There is, of course, a substantial argument in favour of that point of view. However, looking back at the history of the past few years, it has not proved to be spectacularly successful, although in the case of Mexico and Bolivia, as the Honourable Leader of the Opposition has mentioned, some successes can indeed be recognized and acknowledged.

However, a couple of things have happened that I think will cause real problems, and one is in connection with the commercial banking system. We see today that the members of the commercial banking system are writing off their bad debts from the Third World countries. In fact, the Toronto Dominion Bank in Canada has practically eliminated any so-called asset on that side of the books. Also, the other day the Canadian Imperial Bank of Commerce took a tremendous write-off of other Third World country debts that were under pressure, excepting only Mexico, and they have reduced their exposure. The same thing is true in Europe; it is true in Britain and it is increasingly true in the United States of America.

What follows from this action? This is a difficult thing which I cannot really appraise, but I think it should be brought to our attention. What follows from this is that the debtor countries no longer have the leverage on the banks that they might have had in the past to obtain new loans, and some of the banks are making it quite clear that if they do reach the stage where they have written off these debts—or even now with the large write-offs that have already been swallowed—it will not be their intention to go looking for new loans, and certainly not sovereign ones, to these debtor countries.

Therefore, the question of fresh capital, which is a point properly raised by my honourable friend, is indeed a critical one. One cannot assume that the commercial banks will quickly resume their lending policies to these Third World countries to provide the new capital that they need in order to get their economies moving. In fact, I am sure that the odds are in the opposite direction, and we face a serious problem there.

The second point I want to make reference to is the question of what the Third World countries are doing about it themselves. We in Canada can have all the good intentions in the world, but we have learned from past experience that just supporting a government or putting large sums of money out into some of these countries does not necessarily guarantee that very good things will happen. Some of these countries, even now—and I will not mention names because that is invidious—have not adopted measures that, at least from our point of view, lead to a revival of their economies. Eastern Europe is the great exception to that rule right now, and it is fascinating that it is. As a matter of fact, I intend to speak on that matter on Tuesday, if I get the chance.

However, we have this question of what are the Third World countries themselves doing, and the proof of the pudding seems to be the flight of capital. In almost all of the countries involved—with Mexico again doing a little better than most—the local, indigenous holdings of foreign currencies, such as U.S. dollars, do not stay there; they flee, and they flee to the United States and to Canada and to all sorts of places such as that. Honourable senators, if there is not enough domestic confidence in the economic system of a country to keep its capital at home, we have to recognize that both we and they have a problem. No matter how much money the developed countries may pour into these underdeveloped countries, if it is just recycled back into the vaults of Swiss banks through the flight of local capital, then it means we really have not achieved what we are attempting to do.

If this flight of capital had been stopped four or five years ago, many of the countries in trouble now would be blooming, but it has not been stopped. So you must add that factor to the fact that commercial banks are now looking down their noses at throwing any more good money after bad. Given their concern, and considering the fact that the flight of capital has not really ceased, that it is still hemorrhaging in a way that is most unsatisfactory from every point of view, we must realize that we have some real, continuing problems.

• (1530)

I am inclined to agree with my honourable friend that many of the subordinate devices that have been put into place, such as exchanging capital debt for equity and that kind of thing, are all good and we must encourage them as much as we can. However, it does not seem to me that, with all respect, Mr. Baker's plan, or, so far, Mr. Brady's plan, is really doing the trick in the way we would like to see it done. Until we can come to a situation where new capital is available to invest in these countries, they cannot move ahead, and, if they are hemorrhaging capital as they are now, they will fall behind.

We have an additional problem. Not only is it necessary to give these countries the capital but we must make sure that it gets into the right hands. We have seen time and again that giving large capital allowances to some governments in this world does not do anything for the people of their countries. We must somehow find another device to make sure that there is more money available for investment, progress and development, and, furthermore, that we put in place machinery to make sure that to some extent the capital gets into the hands of the people who will make it work; that usually boils down to the little man, the small farmer and the small entrepreneur, not the man who is building big steel mills.

These problems are real and serious; the answers are not clear, and I have very little to say about how to solve them. However, I have one point that I would like to make in connection with these problems. It has to do with the role of the international financial institutions such as the International Monetary Fund and the World Bank. It seems to me that these are the only people that we can really call upon these days to supply the capital that is needed.

I wish I could remember the term for these kinds of loans that we are writing off. They are government-to-government loans.

In any event, we cannot really expect much from some of these countries, except perhaps Japan, because everybody else is broke or thinks he is, as my honourable friend has pointed out. We really cannot expect the commercial banks to weigh in as they did before in a massive way. It has to be something else, and what can it be? The best bet I can see is to accept the request of the IMF, the World Bank and the institutions they grandfather to have more capital provided by the rich nations of the world. This will let the IMF, the World Bank, the South American Development Fund or the other banking institutions that flourish under the auspices of the international organizations lend more.

New money has been requested. I believe the head of the IMF has asked for a doubling of, or at least a very large increase in, the amount of capital that the rich countries give to perform this work of trying to regenerate the economies of these other countries. The money has not been granted, although Canada has agreed. As far as I know, the main obstacle is that the United States has not seen fit to adopt the policy. They make the argument—and it is a curious one, which I have never seen properly answered, although there must be an answer—that these institutions do not need new money because they have not disbursed the money they have already received. They are saying that in some cases these institutions are getting more money back from the people they lent money to ten years ago than they are lending today. I do not understand how that sort of situation would arise, but that is the allegation. I am sure that you could challenge the United States on that point and say, "Just show us where the money is. We will be able to dispose of it quickly enough."

Regardless of that situation, the main point I wish to make to the Senate today is that some consideration should be given to increasing the resources available to these international banking institutions of the kind we have been talking about so that they can make good the loss of capital resources that are now hemorrhaging out of the undeveloped countries, in view of the evident reluctance of the commercial banks to step back into sovereign Third World loans.

I am glad the point was raised today. I am not sure that I have added very much to the discussion. But I would like to express my view that we cannot remain satisfied with the situation as it is now. It is more important than most of us realize that we give these other countries that are having such a hard time to maintain their standards of living a chance to get along in the world.

Hon. Gerald R. Ottenheimer: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that, if the Honourable Senator Ottenheimer speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Senator Ottenheimer: Honourable senators, before moving that the bill be referred to the Foreign Affairs Committee I should like to make a few comments. First, I want to thank Senators MacEachen and Roblin for their contributions. Certainly the points they made with respect to the gravity of the situation for countries that have serious debt burdens were well taken. Indeed, I think it is agreed by most people that the extent of the burden has made it, in some cases, impossible, or almost impossible, for those debt-ridden countries to put into effect economic reforms because of the pressures they are under. There is a growing recognition that there is a need not just for rescheduling or refinancing the debts of some of these countries but for eliminating at least some parts of them.

[Senator Roblin.]

Reference was made to the proposals of Treasury Secretary Brady, which have also been discussed within the forum of the G-7. The minister's initial reaction, as I understand it, has been positive, as have the reactions of some of the debtor countries themselves. Some of the more striking aspects of that plan are that the IMF and World Bank would set aside part of their loans to finance debt-reduction programs by debtor countries; that the international banking community would be expected to provide a general waiver for three years to certain restrictive clauses in loan agreements, and that the bank would continue to provide new money as needed. I think there are also certain aspects of conditionality.

At a meeting of the IMF Interim Committee last April Finance Minister Wilson welcomed these proposals. He also made the point that they were not a panacea. I do not suppose anybody thought any single thing would be a panacea. The Minister of Finance considered the proposals to be an important step toward the development of a broadly based strategy. It is my understanding that Canada is continuing to study the details of the proposal and that Canada accepts the need to reduce the debt overhang. The government also stresses the importance of appropriate adjustment policies in certain debtor countries and the requirement for conditionality in lending by international financial institutions. I have no doubt that these extremely important matters will be examined and debated in great detail in committee, and once the bill receives second reading I shall move that it be referred to the Foreign Affairs Committee.

Motion agreed to and bill read second time.

• (1540)

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Ottenheimer, bill referred to the Standing Senate Committee on Foreign Affairs.

THE ESTIMATES, 1989-90

CONSIDERATION OF INTERIM REPORT OF NATIONAL FINANCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the interim report of the Standing Senate Committee on National Finance concerning the Main Estimates for the fiscal year ending March 31, 1990.

Hon. Fernand-E. Leblanc moved the adoption of the report.

He said: Honourable senators, yesterday I tabled the interim report of the National Finance Committee on the Main Estimates for the 1989-90 fiscal year. As those of you who have looked at these Estimates know, the government expects to spend $132 billion this year. Of this, it has already identified how it will spend $119 billion. This represents a 7.7 per cent increase over comparable Estimates from the previous year. The remaining $13 billion is reserved for supplementary expenditures.

Some of you may be wondering why we are discussing the Main Estimates today when we normally do so in June. I need not tell you that this is an unusual year in the Estimates process. Because of the long delay in recalling Parliament after the first session was adjourned and then prorogued, Parliament was not presented with these Estimates until April 28, approximately two months later than usual. That long delay also resulted in the tabling of the appropriations bill for the full Estimates being delayed until now.

Normally, when the Estimates are referred to the Standing Senate Committee on National Finance, its first witness is the President of the Treasury Board, who gives the committee an overview of the government's expenditure plan. The committee then chooses a specific topic to examine more closely. This year, in May, before the committee chose its topic, the Senate referred the interim appropriations bill to it. While that was a somewhat unusual procedure, the committee used the opportunity to look at the use of special warrants of the Governor General—the instrument that allowed the government to carry out its spending program during the long recess running from the end of December to April of this year.

I do not wish to review the committee hearings on that matter, except to say that the report was a firm rebuke of the government's claims that its actions were both legal and constitutional.

After interim supply was passed, the committee asked the research staff to focus on a somewhat esoteric topic known as royal recommendations. This is the recommendation on a piece of legislation by the Governor General to the House of Commons that the bill in question appropriates money. These bills are loosely called "money bills." This term "money bills," as Senator Stewart has told us, does not exist in the Canadian parliamentary tradition. It comes from British parliamentary practice, where it is defined precisely in legislation. When I use this term I am talking about legislation that, once passed, gives authority to the government to make expenditures without annual approval from Parliament. That does not mean that these items do not appear in the Estimates; they do, but for information only.

Make no mistake, senators, we are not dealing with small sums. This year, of the $131 billion listed in the Estimates, $88 billion, or 67 per cent of the total, was taken up by such expenditures already approved by statute. Only the remaining $43 billion, or 33 per cent, is laid before Parliament for approval.

In our 1983 and 1988 interim reports on the Estimates this committee commented on the alarming size of these statutory items. This year the committee is interested not only in the size of the statutory expenditures but also in the process by which Parliament is informed about potential changes to the relative size of these expenditures before they are approved.

The royal recommendation by the Governor General is the first step in this process. Yet this recommendation appears on financial bills only when they are tabled for first reading in the House. When these bills are referred to the Senate, no such recommendations appear. While it is true that the constitutional requirement is to advise the House only, it is important for the Senate to be aware of the financial impact of any bill it considers. I would agree that maybe we should take the trouble to know this without being informed, but, life being what it is, and bills being complicated documents, we often do not take the time or trouble to find out.

Also, the House has a standing order that money bills are the sole gift of the Commons and are not alterable by the Senate. While this standing order has no legal bearing on the Senate, it would be good to know what bills the House considers its exclusive responsibility and which ones it does not feel so strongly about.

I know of at least two bills in the last Parliament, Bills C-103 and C-148, which contained this royal recommendation but which, to my mind, did not appropriate money. I also know of a third bill, Bill C-147, that had this recommendation; but that bill was amended by the Senate and accepted by the House.

I think it is high time we found out if there are any procedures in place that accurately identify bills as financial before they come to the House or the Senate.

I do not believe it is the committee's intention to revisit the findings of the Ross Committee of 1918. That special Senate committee was established to examine the rights of the Senate in matters of financial legislation. In its report the committee drew a number of conclusions, including the point that the Senate has, and always has had, the powers to amend bills appropriating public revenue or imposing taxes by reducing them, but that it has no right to increase them without the consent of the Crown. Of course, I am not doing justice to the depth of that report, but I commend it to honourable senators. Anyone interested in Canadian parliamentary traditions should read that excellent report.

In its hearings on royal recommendations the National Finance Committee hopes to consider and report on four matters or questions:

1. What is the history of the use of the royal recommendations in the U.K. and Canada?
2. When does a vote or bill require a royal recommendation?
3. Who currently is responsible for asking the Governor General for a royal recommendation?

4. What is the legal and conventional role of the Senate with respect to votes or bills introduced in the House of Commons with a royal recommendation?

We have already heard from Mr. Graham Eglington, who gave the committee an excellent history lesson on the relationship between the Lords and the Commons in the United Kingdom and on Parliament's relationship with the Crown over supply in that country since the Restoration Parliament in 1660.

● (1550)

We continue tomorrow with a former law clerk of the House who will discuss with the committee the role of officers of the House in advising the Governor General. We also plan to hear from Treasury Board and, if possible, from the Privy Council. After that we will determine if there is a need for more witnesses before drafting our report. When that report is tabled I hope to speak once more on this very important subject. Thank you, honourable senators.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I only found out about this report a few minutes ago. I must say that the subject it deals with and the conclusions it draws seem to come out of the blue.

In a way, it seeks to resume the two debates held before on this subject. But in asking the Senate to approve the conclusions of this report, we are giving the National Finance Committee a problem that is not in its domain. It is a purely constitutional and legal issue.

I think this matter, if it really should be considered—and personally, I do not think so; I believe that it was decided a long time ago and is not a real problem—should be submitted to the Legal and Constitutional Affairs Committee. In any event, as I just took note of it, I am not in a position to discuss it in great detail. I therefore move adjournment of the debate.

On motion of Senator Flynn, debate adjourned.

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, it is my intention to move a motion that, when the Senate adjourns today, it do stand adjourned until next Tuesday at two o'clock. However, I want to remind honourable senators that there are committee meetings tomorrow which I think are important. The scheduled meeting of the Internal Economy Committee will be held at the appointed time and the other committees already scheduled will meet as per arrangements. Having said that, honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 24th October, 1989, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

DISTINGUISHED VISITORS IN GALLERY

MR. DAVID WILKINSON, SPEAKER OF THE HOUSE OF ASSEMBLY, BERMUDA, AND MRS. WILKINSON

The Hon. the Speaker *pro tempore:* Honourable senators, before I put the adjournment motion I should like to advise honourable senators that earlier this afternoon, during the course of debate, present in the gallery were Mr. Speaker David Wilkinson and Mrs. Wilkinson from Bermuda. Unfortunately, a speech was then in progress, so I could not introduce them to the house, and they had to leave to catch a plane before the debate was concluded.

THE SENATE

Tuesday, October 24, 1989

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

Prayers.

[*Translation*]

APPROPRIATION BILL NO. 3, 1989-90

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-42, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990.

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time, honourable senators?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

CLERK'S ACCOUNTS

STATEMENT TABLED

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk of the Senate has laid on the Table a detailed statement of his receipts and disbursements for the fiscal year ended March 31, 1989.

REFERRED TO COMMITTEE

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

That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

BANKING, TRADE AND COMMERCE

THIRD REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Sidney L. Buckwold: Honourable senators, I have the honour to present the third report of the Standing Senate Committee on Banking, Trade and Commerce, which report requests that the committee be empowered to incur special expenses pursuant to the procedural guidelines for the financial operation of Senate committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see Appendix "A", p. 614.*)

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

On motion of Senator Buckwold, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FOURTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, October 24, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-FOURTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Fisheries for the proposed expenditures of the said Committee with respect to its examination of all aspects of the marketing of fish in Canada, and all implications thereof, as authorized by the Senate on Tuesday, September 26, 1989. The said supplementary budget is as follows:

Professional and Other Services	$7300.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

THIRD LATIN-AMERICAN AND CARIBBEAN MEETING OF PARLIAMENTARIANS ON ENERGY AND PETROLEUM FOURTEENTH WORLD ENERGY CONGRESS

PARTICIPATION BY STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES—NOTICE OF INQUIRY

Hon. Dan Hays: Honourable senators, I give notice that on Thursday next, October 26, 1989, I will call the attention of the Senate to the participation by the Standing Senate Committee on Energy and Natural Resources in the Third Latin-American and Caribbean Meeting of Parliamentarians on Energy and Petroleum held in Caracas, Venezuela, and in the Fourteenth World Energy Congress held in Montreal.

QUESTION PERIOD

THE SENATE

ABSENCE OF LEADER OF THE GOVERNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I must report that Senator Murray will not be with us today as he is elsewhere on government business.

ALBERTA

NOTICE OF QUESTIONS

Hon. H.A. Olson: Honourable senators, I have just been given the answer to the question I was about to ask. There are, however, a number of matters of vital and extreme importance to the people in the part of Canada which I come from, and I would like to ask the Deputy Leader of the Government, first, when the Minister of State for Federal-Provincial Relations will be here to deal with my questions.

I want to pursue further the matter of the senatorial selection process that took place in Alberta on October 16. I know that my friends opposite had quite a lot of fun with the matter, but, when I went to Alberta over the weekend and reported that we had had a lot of fun here, you know, no one laughed. It is a serious question for the people of Alberta, and I would like to pursue the matter. Unfortunately, I am unable to pursue it with the Deputy Leader of the Government as it is the responsibility of the Minister of State for Federal-Provincial Relations.

I also give notice of a series of questions dealing with the goods and services tax. The provincial treasurer or the Minister of Finance of the province of Alberta has published a report indicating that the GST will cause the loss of 60,000 jobs over the next three years, along with a very significant reduction in revenue to the provincial treasury. A large number of people in Alberta are extremely concerned about where those 60,000 jobs will be lost. As a matter of fact, I believe that the Minister of Finance of Canada has agreed that one province will suffer severely under the new tax. I wonder if I could get replies to some questions on this subject as well as copies of any studies involved in leading to that conclusion.

• (1410)

I also want to raise the question of when the government will start some action on what I think is called the "telephone grab" as it relates to a bill introduced some time ago in the House of Commons that now, I understand, will start moving forward. This has to do with the federal government's usurping its authority over communications. Apparently it won a case in the Supreme Court and is now going to take over the making of regulations governing telephone companies in Manitoba, Saskatchewan and Alberta.

It is one of the primary functions of the Senate to defend regional interests when they are under attack by the federal government. This seems to be a typical case of such a situation.

Therefore, I would ask the Minister of State for Federal-Provincial relations, since this obviously comes within his mandate, to take notice of these questions. Perhaps the Deputy Leader of the Government can tell us when the minister is expected to return to the chamber so that we can make some progress towards getting this information, which is vital to the people of Alberta.

Hon. C. William Doody (Deputy Leader of the Government): My understanding is that Senator Murray will be with us again tomorrow, as usual. Since I have been here I do not think there has ever been a minister as diligent in his attendance during Question Period or as willing to provide information. We on this side think he is doing a tremendous job, and I am sure my honourable colleagues opposite share that view.

With regard to the loaded preambles to my friend's questions, and without accepting any of the accusations or statements he made, we will try to get some factual answers to his politically loaded questions.

Senator Olson: As a supplementary question, I would not want the Deputy Leader of the Government to misunderstand me. I did not accuse Senator Murray of being negligent in his duty to be here. The fact is that he is not here today, and that is all that my remarks were intended to convey.

Whether the Deputy Leader of the Government agrees with the political preambles to my questions is not important. The information in the possession of the government—and whether it is willing to share it or not is another question—is vitally important to the people of the part of Canada which I represent. I hope, therefore, that Senator Doody will accept the notice of these questions in the spirit in which they were asked.

We want some information about this matter. Therefore, upon Senator Murray's return, would the Deputy Leader of the Government ask him to be prepared to give us some information respecting the government's attitude on the matters I have raised?

Senator Doody: I had already said that I would be most happy to try to find whatever information I could. I am sorry I provoked the honourable gentleman. He has obviously had a

rough time back in his home province. The answers that were given here during the last session must have really gotten to him. The only thing amusing about this episode, which obviously upset the people in his province, was the previous statements of the honourable gentleman, which were quoted by the leader in his answers. That was the only thing that caused amusement; the subject matter was a very serious one. It was how the honourable gentleman had handled the subject in his previous interviews with the press that caused the hilarity here in this chamber. I am sorry the humour was not shared by the people of Alberta, but perhaps they are far more sympathetic to the honourable gentleman than I am.

Senator Olson: Honourable senators, they did not tell me that that annoyed them. What annoyed them was that the Conservative caucus found it comical that I was asking questions about something that concerns them.

Another thing I rediscovered in their response—and it is something I learned years ago—is that they are not particularly interested in the position of any opposition member; they do not care about that for the very simple reason that it is not likely to be implemented in any event until after the next election. However, they are interested in and have a right to know the government's position. I was told in no uncertain terms that they expect members of the opposition, particularly from Alberta, to ask questions and they expect the government to treat those questions with the kind of respect they deserve, and not to treat them as they were treated last week, when absolutely no information was offered on any question I asked. All Senator Murray did was give some smart-aleck answers about something I was supposed to have said earlier. If that is the kind of respect the Conservative caucus thinks is due Albertans—and I would remind you that 600,000 Albertans voted, with 270,000 voting for Mr. Waters—then they will want to know that too. As a matter of fact, you can say what you like, but I think they already know the contempt which the Conservative caucus appears to have for the democratic process in Alberta.

Senator Frith: Shame!

Some Hon. Senators: Oh, oh!

Senator Doody: Well, honourable senators, I am sure my friend feels a lot better now, having unburdened himself of that load of vitriol. The honest truth is that Senator Murray laid out very clearly the government's position with respect to the Alberta senatorial "election". What caused all the problem, I think, and what provoked my honourable friend earlier were the quotations that were read from the press interviews that he had given.

Senator Olson: That did not bother me at all.

Senator Frith: Absolutely correct.

Senator Doody: There was no contempt. There was no disdain. There was absolutely nothing treated in any way but with the greatest of reverence and respect, except for those idiotic statements which my friend had made.

An Hon. Senator: They were not idiotic.

Senator Doody: Now we have this complete U-turn. We now have the defender of General Waters on the other side, who suddenly thinks that all sorts of things should be done to accommodate the very process that he was deriding just a few short months ago.

Senator Steuart: You are just upset it is not a Tory; that's all!

Senator Olson: Honourable senators, if that is the attitude of the government—and I do not know if you speak for the government. I know you are not a member of the cabinet, but, unfortunately, you are the deputy in here, so there you are. If you think that the questions I have been asking are just a lot of vitriol, which is what I think you called them, I shall report that to the people of Alberta. And if you think that a reply simply containing a quotation of something I said to the Calgary *North Hill News* some time ago is a satisfactory answer to the very sensible and vital questions that I have asked, I shall report that to them too. I think you are going to get the message. I will tell you another thing.

An Hon. Senator: You're going to get it!

Senator Olson: There is one other group of people who did not laugh, and that is your colleagues who are members of Parliament from Alberta in the other place. They heard about it, too, and they did not laugh.

An Hon. Senator: They were crying.

Senator Olson: Yes, and worse than that. I hope that all these comments that you have been making have been said loudly and clearly so that they will be accurately reported in *Hansard*, because I intend to get a few thousand copies and send them out there.

An Hon. Senator: There you go!

CANADA-SOUTH AFRICA RELATIONS

AMOUNT OF BILATERAL TRADE

Hon. Jerahmiel S. Grafstein: Honourable senators, perhaps the deputy leader in the Senate could get some information for us on South Africa, which is now in the newspapers. Can he advise the Senate whether or not Canada's trade, both export and import, with South Africa has increased or decreased since last year's Commonwealth Conference?

Hon. C. William Doody (Deputy Leader of the Government): I will get the information for the senator.

INDIAN AFFAIRS

GRAND RIVER INDIAN RESERVATION—SCHOOL HEALTH AND SAFETY STANDARDS—WELFARE OF STUDENTS—REQUEST FOR CLARIFICATION OF DELAYED ANSWER

Hon. Lorna Marsden: Honourable senators, on October 17 Senator Doody tabled a delayed answer to a question I had asked earlier about the Grand River Indian Reservation and its school system. I forwarded a copy of that answer to the

people involved and I have had from them today a reply that indicates that they believe that the answer tabled by Senator Doody was either inaccurate or misleading in every clause.

An Hon. Senator: Shame!

Senator Marsden: First of all, my original question asked whether the government had made arrangements for the students of the Grand River Indian Reservation to attend school although their school facilities were in no state of repair. In the answer, tabled on October 17, the government, through Senator Doody, said that they had made those arrangements for classes to resume. I am told this morning by members of the Grand River Indian Reservation that no alternative arrangements have been made up to this point for students to attend school.

His second point concerned the asbestos which the members of the Grand River Indian Reservation believe poses a real health hazard to their children. The answer tabled was that the accessible asbestos had been removed and Health and Welfare officials had concluded that the buildings were safe. Members of the Grand River Indian Reservation have had two other expert opinions, one from the Ironworkers of Ontario and one from a U.S. expert, both of whom have advised them that the buildings are highly unsafe. The member of the community to whom I talked this morning said that the people simply do not know what to believe. However, I am sure that honourable senators would sympathize with them in their decision not to send their children into potentially unsafe conditions.

The third point concerned repairs to the existing structures, that is, to a number of schools which were in a very bad state of repair on the reservation. The answer tabled here on October 17 said that those repairs were now being made.

• (1420)

I am told that no money has been received or provided for the repair of School No. 3, which has a severe problem with asbestos, and that School No. 11 has no washrooms and no running water and that the children have to go across a fairly wide school yard to get to a portable for those facilities. As the weather gets colder, that will be less and less acceptable.

Therefore, I ask if the deputy leader would return to those officials who prepared the answer and ask them to provide more information or to revise the current information.

I am also informed that the federal minister has finally agreed to a meeting with the chief, which is to take place this Friday. Would the deputy leader undertake to report to this chamber next week on the result of that meeting between the minister and the chief of the reservation?

Hon. C. William Doody (Deputy Leader of the Government): I will try to get the information as quickly as possible.

[Senator Marsden.]

COMMONWEALTH CONFERENCE

REPORT ON SANCTIONS—REQUEST FOR TABLING
REPORTS OF FOREIGN MINISTERS—REQUEST FOR PRODUCTION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wonder if the deputy leader would attempt to get a document for me that I understand was tabled at the Commonwealth Conference. The document, which is a report on sanctions, was prepared, I believe, for the foreign ministers by a group of independent experts. I hope it is available; if so, could we have it tabled tomorrow?

My second question is this: I understand that the foreign ministers of the Commonwealth have been making reports to the heads of government at the Commonwealth Conference. These reports are referred to in the communiqué. I wonder if those reports are public or private, and, if they are public, whether we could have a look at them. If they are private, we will drop the request.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if those documents are available, I will make every effort to get them as soon as I can.

OPEN SKIES CONFERENCE

REQUEST FOR INVITATION TO SENATORS

Hon. Earl A. Hastings: Honourable senators, I want to appeal to the Deputy Leader of the Government in the Senate to use his good offices to ascertain if it would be possible for some senators to participate in the Open Skies Conference to be held in Ottawa in November. That conference is sponsored by the Department of External Affairs. It is a significant initiative by Canada, supported by the President of the United States and by Mr. Gorbachev, and is dedicated to peace in the world. Canada is going to play a leading role at that conference. I think there are senators who would appreciate the opportunity of attending.

Hon. C. William Doody (Deputy Leader of the Government): I shall certainly try.

TOBACCO RESTRAINT ACT
TOBACCO PRODUCTS CONTROL ACT

BILL TO AMEND—MOTION FOR SECOND READING NEGATIVED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Robichaud, P.C., for the second reading of the Bill S-6, An Act to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this bill has been on the order paper for some time, having been placed there by its author, Senator Haidasz. I have undertaken to speak to it today to try

to help it on its way. I hope that "its way" will be a way to make it disappear. I do not like the bill at all. I appreciate the intentions of the sponsor of the bill. It is worthwhile to try to cut back on the health hazards posed by smoking. However, I do not think the answer to that problem is to further criminalize smoking by young people and to bring in Draconian laws to try to punish them for so doing.

In any event, honourable senators, the Tobacco Restraint Act, which is really what we are dealing with here, was enacted in 1908. The statute presently prohibits smoking or chewing of tobacco by a person under 16 years of age. It also provides some very token penalties: a reprimand after the first offence, a maximum penalty of $1 for the second offence.

Senator Haidasz: That is why it needs amending.

Senator Doody: That is the kind of thinking that has given me the problem with this particular bill. If you think that increasing the penalty from $1 to $2 or from $10 to $15 is going to discourage a 17- or 18-year old from smoking—

Senator Haidasz: Well, what is?

Senator Doody: —then the honourable gentleman is going to have to have another look at the situation. The act also makes it an offence to sell, give or furnish to a person under the age of 16 years any cigarettes or cigarette papers, for whatever reason, and makes it an offence to sell, give or furnish tobacco of any form other than cigarettes to a person under 16. The maximum penalty for this offence is $10 for the first offence, $25 for the second offence, and $100 for the third or a subsequent offence.

The Tobacco Products Control Act, which came into force on January 1, 1989, bans the advertising of tobacco products from all media, billboards, posters and in-store signs and it bans the use of tobacco brand names on nontobacco products. It allows only limited use of tobacco trademarks or brand names for sponsorship activities and related promotional practices.

Bill S-6 would amend both the Tobacco Restraint Act and the Tobacco Products Control Act. With respect to the Tobacco Restraint Act, the amendments would raise from 16 to 18 years the age of persons to whom tobacco products cannot be sold and raise the penalties for committing the offence to $100 for the first offence, $250 for the second offence, and $1000 for the third or a subsequent offence. The amendments would also raise from 16 to 18 the age of persons restrained from using tobacco products. It would redefine the offence so that use of tobacco in a street or public place, rather than the smoking or chewing of tobacco in a street or public place, would become an offence. The penalties for these offences would include fines of up to $10 and, for the third or subsequent offences, of up to $25. The amendment to the Tobacco Products Control Act would prohibit the operation of tobacco vending machines.

As I indicated earlier, I am quite sympathetic to the underlying reasons behind my colleague's desire to amend these acts; however, certain of these amendments concern me.

By criminalizing the use of tobacco in a street or a public place, we are treating the use of tobacco in a more severe fashion than we do other drugs, such as marijuana or cocaine. In the Narcotic Control Act, the possession of such drugs as marijuana is criminalized, but not their use. By increasing the age group from 16 to 18 for young persons who cannot use or purchase tobacco, we have increased considerably the number of people who would be liable to criminal prosecution. I am not convinced that increasing the number of people who would be criminally at risk is the wisest approach to use in this area. There may be more advantageous and less damaging approaches to controlling tobacco use by our youth than using the heavy hand of the criminal law against them.

Once again my colleague also proposes to amend the Tobacco Products Control Act by outlawing all sales of cigarettes from vending machines. His intentions are laudable, and one can empathize with the temptation to deal with the problem so summarily; but careful consideration will be needed before such a step is taken.

The serious health consequences of tobacco use are well known, but not always well enough appreciated. These legal products are the largest single cause of debilitating and fatal chronic disease in Canada. As the honourable gentleman has pointed out, their use is generally begun at an early age—the pre-teen and early teen years—before a person has had much opportunity to consider the destructive long-term consequences. Statistics gathered by the Department of National Health and Welfare indicate that by age 19 about one-fifth, and more probably one-quarter, of Canadian young people are smoking on a daily basis.

In its policies on tobacco and smoking over the past few years, the government has been mindful of this continuing up-take of the tobacco habit by young people. Starting in 1987 a comprehensive approach was adopted to discourage tobacco use and to encourage the nonsmoking norm. The passage into law in 1988 of the Tobacco Products Control Act marked a turning point in the treatment of the tobacco and health problems in this country. This landmark legislation bans tobacco advertising and restricts promotion of these products. For the first time in Canada a regulatory framework has been put into place to direct critical health information about tobacco products to consumers. This policy also includes smoking restrictions on passenger aircraft and in the federal workplace as well as a continuing health promotion effort focused on strengthening the nonsmoking norm among youth.

• (1430)

The government has taken a realistic approach by gradually phasing in the provisions of this important legislation. Given that the existence of the tobacco industry has economic considerations and that some six million Canadians continue to smoke daily, a gradual and orderly approach is called for.

Further, the Minister of Finance proposed in the recent budget the largest ever tax increase for tobacco products. For the first time the price gap between manufactured and fine-cut tobacco will be narrowed, because the tax rate on the latter will increase. These measures go much further than merely

generating revenue. They will, we hope, discourage the consumption of tobacco products.

A number of voluntary programs are being monitored by officials. The "Business for Kids/Healthy Kids" program, partly supported by the Department of National Health and Welfare, seeks to involve parents and shopkeepers in efforts to discourage the sale of tobacco to minors. The department's brochure, "Kids Decide . . . But Parents Can Tip the Scales", is a reminder that we have to encourage and expect a degree of maturity in our young people in this matter. In another approach the Retail Council of Canada has encouraged member retailers to post decals reminding the public that cigarettes are not to be sold to minors.

Honourable senators, the introducer of this bill has made a plea for still greater public education on the hazards of smoking. I am in complete agreement with that, since knowledge and its application by individuals is the bedrock of public health. One effect of the new regulations will be educational, bringing perhaps unwelcome but necessary information about smoking risks directly to the attention of smokers and young people who experiment with smoking. This will be done by requiring uncompromising health warnings on each and every package of tobacco products. Together with the increasing restrictions on advertising of tobacco products, the present inadequate levels of public knowledge about the implications of smoking will, we hope, be reversed.

Of course, there are further steps the government can take, as Senator Haidasz has indicated. We can urge the provinces to adopt a more consistent approach to the sale of tobacco products to minors. We can support and encourage the various voluntary efforts under way to reinforce awareness and conformity with existing law. Astute use of the Tobacco Restraint Act recently resulted in a judge's reprimand to a retail chain caught selling cigarettes to minors. I am sure that that incident has had an educational impact on retailers and that they are beginning to re-evaluate their practices.

I would remind honourable senators once again that this government has, both legislatively and otherwise, taken strenuous action on tobacco use and the problems associated with the use of tobacco. When all of the positions of the new law are put in place there will be fewer opportunities for the targeting of young people with messages that glamorize smoking.

This bill, honourable senators, is, in my opinion, well intentioned, but I think it is far too Draconian. I do not think that bringing the Criminal Code to bear upon our young people is the answer. I think we have to do more advertising and develop more public awareness to combat this problem, and for that reason I cannot support this bill.

Hon. Philippe Deane Gigantès: Will the honourable senator accept one or two questions?

Senator Doody: I don't know, senator. I will try to answer them.

Senator Gigantès: I will not ask questions that would inconvenience him.

[Senator Doody.]

Statistics show that 35,000 people in this country die each year, painfully and expensively, from the use of tobacco products—many more than die from the use of illicit drugs. The honourable senator said earlier that, if we accepted Senator Haidasz's bill, we would be treating tobacco in a more Draconian fashion than we treat illicit drugs. Since tobacco kills more people than illicit drugs do, why not?

Senator Doody: Honourable senators, please do not think that I am trying to defend the use of tobacco. I do not smoke, but many people, including close friends of mine, do, and have elected to do so. To criminalize the use of tobacco to the extent that is aimed at in this particular bill, in my opinion, will not help the situation at all. If we learned anything from prohibition some years ago, we learned that putting laws into effect to control the long-ingrained social habits of the general public is not the answer. During the prohibition years we turned a lot of criminals into millionaires, and we turned a lot of good, law-abiding citizens into criminals because of that law.

An Hon. Senator: And millionaires into criminals!

Senator Doody: Yes, a lot of millionaires became criminals, and vice versa.

This sort of legislation is leaning in the same direction. You cannot tell 16-, 17- and 18-year-olds that, if they smoke a cigarette or chew tobacco, they will be dragged before the courts, fined and given a criminal record, and so on. If that is the way you are going about controlling smoking, then you are going about it in the wrong direction.

The other side of the coin, as the honourable senator has mentioned, is to criminalize the use of marijuana and cocaine. Fortunately, their use has not reached that stage yet. Maybe it will, but let us hope that it does not. However, if it does reach the level of use that tobacco has at the present time, we will obviously have a tremendous problem. Obviously, the use of cocaine and marijuana should not be encouraged either, and it is not the intention of the government to do so.

The point I am trying to make is that making the use of tobacco by young people a criminal offence, dragging them into court, fining them and giving them a criminal record, is not the right way to go in terms of controlling the habit.

Senator Gigantès: Would the honourable senator extend that argument to marijuana and hashish? Should we then decriminalize the use of current illicit drugs? For example, alcohol has as many bad effects and is more addictive than heroin, yet alcohol is sold legally in this country.

I realize that it is as difficult a problem for you, sir, as it is for the rest of us, but how do we resolve this contradiction in our laws?

Senator Doody: You will not really solve the problem of the smoking of tobacco by putting the use of marijuana, cocaine and alcohol all in one basket and saying that they are all equal problems and should be dealt with in the same way, by the same legislation, the same social codes and the same moral values. That will not solve the problem at all. There are different people with different habits in different circumstances who indulge in these serious, harmful drugs. You

cannot put them all into one package and make a law that will cover all of these problems. They have to be dealt with separately on their own. The point that I am making is that dealing with the tobacco problem as outlined in this well intentioned bill is not the way to go.

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Haidasz speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Stanley Haidasz: Honourable senators, as Senator Doody said a few moments ago, the Senate gave first reading to Bill S-6 on May 18. It has stood on the order paper long enough for some action to be taken.

I appreciate Senator Doody's remarks, especially his praise of the federal government, and in particular the Department of National Health and Welfare and the previous Minister of National Health and Welfare for having brought in a bill to control tobacco products, especially the advertising of tobacco products. I also commend highly the member of the other place who brought in the Non-smoker's Health Act, which was passed by this house, given Royal Assent, and amended just a few months ago.

Nonetheless, I still am concerned about the damage being done to our teenagers through cigarette smoking. When I see young boys and girls at the age of 10, 11, 12, 13 and 14 smoking cigarettes, I find that alarming. Since the Tobacco Restraint Act is an old act, which has not been amended since 1908, it is high time that something be done to give it more teeth to save our youth from tobacco-related diseases.

● (1440)

Just a few months ago there was a cross-Canada campaign, which was very prominently publicised here in the national capital, organized by the National Campaign for Action on Tobacco. That campaign was endorsed by several national organizations, not only health organizations but also certain churches. All those organizations were calling for a comprehensive attack on what they called the epidemic of tobacco smoking—an epidemic that resulted in the death of 35,000 Canadians last year and also caused a lot of other sickness, as well as the loss of over $100 million in fire damage and the loss of several hundred million dollars to the Canadian economy. I do not see how a spokesman for the federal government such as Senator Doody can continue to defend such things in the face of our large deficit, with so many people sick and dying, and with our rising health costs. Something further surely must be done to curb tobacco smoking, especially among our teenagers.

Therefore, honourable senators, I want to say that I fully support Bill S-6, and I do not intend to change my mind. I believe that this is an urgent matter, and one might even say a grave matter. I hope that all honourable senators will join me in attacking this epidemic of tobacco smoking on the part of our teenagers. In my opinion, Bill S-6 is one good way to commence the fight against this terrible epidemic.

If there are no questions or remarks by other honourable senators, I should like to end the debate.

Senator Gigantès: Honourable senators, I have some questions to ask of Senator Haidasz. Senator Doody made a point which appears valid to me. Let me hasten to say that I am on both sides of this issue, as many of us are. We have tried prohibitions and penalties in the past, or at least the U.S. has. As Senator Doody so rightly said, during the prohibition era we turned a lot of ordinary people into criminals and a lot of criminals into millionaires. The United States gave the mafia, as it now exists, its first footing. We are now doing that with drugs and a different mafia.

I would point out to the honourable senator that Draconian measures and interdictions do not seem to work. It is forbidden to sell alcohol to minors, yet they seem to be able to buy it with no problem at all. Those aspects of this bill that apply to youngsters, together with the Criminal Code aspects, are what bother me particularly.

Senator Haidasz: Honourable senators, in answer to Senator Gigantès I would say that it is not my intention to make criminals of the youth of Canada who might go into a drug store or a confectionary or to a cigarette vending machine in order to buy tobacco products. I might point out that I am not the only one asking for some action on this particular problem. I should like to bring to the attention of the honourable senator the fact that last May the Metropolitan Toronto City Council brought in what one might also call Draconian measures. According to the press, the maximum fine in that city for anyone selling tobacco to minors has been raised from $50 to $5,000. In my opinion, that is truly Draconian.

Still, that is how the elected aldermen of the city of Toronto feel about these matters, and I am sure there are many others across Canada who feel the same way and have perhaps acted in the same fashion.

I would say to the honourable senator that almost every day we pass laws prohibiting certain actions that, in our opinion, go against the common good of Canada. The way in which our legal system operates is that we make laws in these chambers providing punishment for certain acts that we as legislators have decided are harmful to the health of fellow Canadians, to the Canadian economy or to the security of the state.

I do not know what more I can tell the honourable senator, except to say that this is the system under which we live. If we as legislators wish to stop certain actions from occurring, then we must bring in laws to prohibit those actions, with attendant penalties and fines for those who transgress the law.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, may I rise on a point of order just before His Honour puts the question? As I understand it, we are now voting on the principle of this bill, S-6. I want to say that, if the principle of the bill is the criminalization of the use of tobacco, then I must tell you that I shall vote against it. However, if the principle of the bill is to find ways to discourage people from smoking, then I am prepared to support the principle of the bill and have it go to committee.

Senator Nurgitz: The first will do the second; in other words, if you put these people in jail, it will discourage them from smoking!

Senator McElman: Are we debating the bill, or is this a point of order?

Senator Frith: It is a point of order; I said that and it is on the record.

Therefore, honourable senators, on the point of order, I want it clear that we all understand what we are voting for at second reading. As I say, if we are voting to support the principle that tobacco use must be discouraged by criminalization, then I will have to vote against this bill. If, however, the principle of the bill is to find ways, which can be explored in committee, to discourage tobacco use, then I can support the bill and make my specific views known in the committee itself.

However, I do want to have clarified either by the sponsor of the bill or by someone else just what the principle of the bill is. If the sponsor of the bill is saying that the principle is not "criminalization," and that he is prepared to explore that larger objective in committee, then I can support the bill. If not, then I cannot.

Senator Haidasz: Honourable senators, if I may reply to Senator Frith, I would say that the principle of the bill is not the criminalization of a certain act but, rather, it is to find ways in which to discourage smoking, especially among the youth of Canada. Having said that, and on the advice of Senator Frith, I will sit down.

Senator Doody: Honourable senators, perhaps we should read the explanatory notes contained in the bill itself. They state:

> This amendment raises to eighteen the age of persons restrained by the Act and increases the fines that may be imposed for offences.

In fact, the entire content of the bill is the increasing of the fines and the increasing of the penalties for young people under the age of 18 who smoke. In other words, it is a further criminalization.

Hon. Douglas D. Everett: Honourable senators, on this subject, I am mystified as to how the sponsor of the bill can in any way suggest to the Senate that this bill is anything other than a bill that imposes criminal penalties on someone who perpetrates the acts that are not permitted under the bill. So, on Senator Frith's point, it is clearly a bill with criminal sanctions.

● (1450)

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion for second reading of this bill?

Senator Haidasz: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Senator Haidasz: Yea.

[Senator Frith.]

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it. Therefore, I declare the motion for second reading defeated.

Motion negatived, on division.

APPROPRIATION BILL NO. 3, 1989-90

SECOND READING—DEBATE ADJOURNED

Hon. Jean-Maurice Simard moved the second reading of Bill C-42, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1990.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before Senator Simard begins his comments may I make a few remarks about our procedure here? I discussed introducing second reading debate on this bill with Senator Doody this morning. We referred to the fact that this bill will be before us before the National Finance Committee has reported on the Estimates approved by the Senate.

First, I should like to make a comment about terminology. I maintain that an appropriation bill is not a supply bill. The expression "supply bill" has come to be used in the House of Commons. I do not comment on the procedure in the other place in any critical way, but simply to state the facts. The expression "supply bill" has come to be used in the House of Commons to refer to bills introduced, as I understand the expression, "to make good supply granted."

An appropriation bill is actually a ways and means bill. The House of Commons, of course, claims to control supply, but that claim does not extend to appropriation. As I understand it, an appropriation bill authorizes the government to appropriate money out of the Consolidated Revenue Fund, and that is not necessarily the same thing as granting supply. I make that distinction as a preface to what I want to say about our longstanding practice in dealing with appropriation bills.

My experience has been that, unlike the House of Commons, we do not deal with the Estimates vote by vote. When we receive the Estimates we refer them to our National Finance Committee, where they are reviewed in some detail. The intention of that procedure is to save us detailed review of the Estimates either in debate in the Senate or in Committee of the Whole Senate. Incidentally, if my experience is inconsistent with what people like Senator McElman or Senator Everett have experienced, I should be glad to have them say so.

By the time the appropriation bill comes to the Senate we have usually settled the question of detailed examination of the Estimates, upon which the appropriation bill is based, through a report from the National Finance Committee. We then proceed to debate the appropriation bill itself. Usually the first intervention made on behalf of the government is a standard one, and I am told by Senator Doody that that will be the case with this bill.

Of course, we often debate selected items contained in the appropriation bill or in the Estimates if they stimulate something of interest to a senator or senators. For example, I can recall that, when I used to introduce an appropriation bill for the government, frequently Senator Phillips and Senator Smith would make interventions on certain aspects of the Estimates that interested them, and in some, if not most, cases they were critical interventions. So I am not suggesting that we accept these bills *pro forma*. However, we usually wait for the National Finance Committee to report on its study of the Estimates, which it has done here, although the debate on that report has not yet been completed.

So I say all of the above to be sure that we are clear on what we are doing and in the hope that by permitting, with leave, the introductory speech at second reading of the appropriation bill we are not creating a precedent or changing our usual practice.

It is the first time in my experience that we have had the appropriation bill before us before we have dealt with the study of the Estimates by the National Finance Committee. I make my comments, then, to reserve the opportunity to complain if this procedure arises again. As I say, I doubt that it will, because the present situation is quite eccentric. That is the basis upon which leave for second reading has been granted.

I should add that for that reason we will be adjourning the debate, and we intend to complete second reading debate only after we have completed consideration of the report of the National Finance Committee.

[*Translation*]

Senator Simard: Honourable senators, I think that senators on both sides of this chamber have noted Senator Frith's comments.

I would now like very briefly to remind honourable senators of the nature of Bill C-42 and to tell you in a few words what has happened to this bill since it was introduced in the House of Commons.

First of all, the bill before us today, Appropriation Bill No. 3, 1989-90, will release funds for the balance of the 1989-90 Main Estimates, some $10 billion in all.

The Main Estimates were tabled in the Senate on May 2 of this year and were immediately referred to the Standing Senate Committee on National Finance. In studying these Estimates, the committee heard testimony from the President of the Treasury Board and his senior officials.

Honourable senators, if additional information is required, we on this side of the house will certainly be pleased to provide it to you.

Now, whether we should wait for the report presented by the Chairman of the National Finance Committee to be adopted is up to you. I certainly urge our colleagues to pass this bill on second reading.

Senator Frith: Honourable senators, I would also ask for your permission to put a question to Senator Simard. Is Senator Simard, in moving second reading of this bill, able to assure us that it is presented in its traditional form?

Senator Simard: Honourable senators, I think that I can assure you that this bill is presented in its traditional form.

• (1500)

[*English*]

Hon. John B. Stewart: Honourable senators, the question that has just been put suggests that the bill is not available.

Senator Doody: It is available and it has been distributed.

On motion of Senator Frith, debate adjourned.

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

RESUMPTION OF DEBATE—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Beaudoin calling the attention of the Senate to the Meech Lake Constitutional Accord and to the *Canadian Charter of Rights and Freedoms*.—(*Honourable Senator Nurgitz*).

Hon. Nathan Nurgitz: Honourable senators, I will not be speaking on this inquiry today and I ask that the order stand. In doing so I point out that I received a note from our colleague, Senator Pitfield, asking if I would yield to him. I telephoned his office to advise him that I was prepared to do so, but I see that he is not present in the chamber today.

Therefore, honourable senators, I ask that the order stand in my name unless any other senator wishes to speak to it, in which case I would be delighted to yield to him or her.

Order stands.

NORTH ATLANTIC TREATY ORGANIZATION

MEETING OF RESEARCH AND DEVELOPMENT SUBCOMMITTEE OF SCIENTIFIC AND TECHNICAL COMMITTEE

Hon. Earl A. Hastings rose pursuant to notice of Tuesday, October 3, 1989:

> That he will call the attention of the Senate to a meeting by the Sub-Committee on Research & Development of the Scientific & Technical Committee of NATO North Atlantic Assembly with Soviet Academy of Science and other agencies in Soviet Union, September 3 to 9, 1989.

He said: Honourable senators, my remarks today, as the inquiry indicates, pertain to the work of the North Atlantic Assembly. The North Atlantic Assembly, I would simply remind honourable senators, is a parliamentary forum committed to the benefit of parliamentarians from the 16 NATO nations and dedicated to debate, discussion and the sharing of mutual problems of alliance countries. It is also dedicated to building and establishing bridges of understanding between

parliamentarians from various political persuasions and of various political thought in the 16 NATO nations.

The Canadian Parliamentary NATO Association operates under the direction of Mr. Robert Hicks, president of the Canadian branch.

The work of the assembly is carried out under the direction of the International Secretariat established in Brussels, but essentially it is done by parliamentarians operating in five committees: the Economic Committee; the Civilian Affairs Committee; the Political Committee; the Defence and Security Committee, and the Scientific and Technical Committee. My views today will focus mainly on the work of the Science and Technical Committee, the chairman of which, until the recent assembly in Rome, was Sir Peter Emery of the United Kingdom; the vice-chairman was myself; and the rapporteur was Mr. Lothar Ibrugger of the Federal Republic of Germany.

The subcommittee of the Science and Technical Committee was established in 1988. The purpose of the subcommittee is to ensure that the alliance's research and development resources are exploited as efficiently as possible for the benefit of nations within the assembly. To that end, the subcommittee is examining and encouraging cooperation in research and development within NATO and exploring opportunities for East-West cooperation. To date it has compiled a brief synopsis of the key features of the R&D efforts of the NATO nations.

The visit to the Soviet Union by the subcommittee was for the purpose of exploring the possibilities of East-West cooperation on scientific and technical matters; it sought to learn Soviet scientists' views on the state of East-West cooperation and tried to determine whether Soviet scientists felt that cooperation could and should be improved; it also attempted to locate and identify areas where greater cooperation might be achieved.

The Soviet visit was a result of an invitation from the Soviet Academy of Sciences and included meetings in Moscow and with the Siberian divisions of the Academy of Sciences and the Siberian divisions' Eastern Siberian branch.

The visit to the Soviet Union was much more useful than could have been anticipated and exceeded all expectations of the subcommittee members. The visit and the meetings would have been regarded as successful if the only result had been a better understanding between the scientists in terms of East-West scientific cooperation and the establishment of a dialogue between the subcommittee and representatives of the Academy of Sciences, but, honourable senators, much more was achieved. We found that Soviet scientists were extremely forthright in their presentations and discussions.

We found, as did His Honour the Speaker of the Senate in his visit to the Soviet Union, that absolute frankness and openness prevailed. That same spirit existed at the recent assembly meeting in Rome, where General Vladimir Lobov, First Deputy Chief of Staff of the Soviet General Staff, Member of the Supreme Soviet and Chief of Staff of the Warsaw Treaty Organization, participated in meetings of NATO. What he said was really not terribly important—he simply repeated the line of his government, which every good general would be expected to do. But what was significant was that the Soviet general was at a meeting of NATO where he, as he stated, "eyeball to eyeball," discussed with parliamentarians from the West his views with respect to the future of NATO and the impact of perestroika and glasnost on European security.

That same spirit will exist with a Canadian military group which will be going to the Soviet Union shortly. I know that same spirit will apply to the visit of our Prime Minister to the Soviet Union in November. "Perestroika" and "glasnost" are the passwords of the Soviet Union as they strive mightily to achieve a better understanding with western institutions and organizations. It is a very quickly changing world, honourable senators, when you think of the celebration last night in Budapest. That type of celebration would have been unheard of a year ago. That spirit prevails throughout the Eastern Bloc countries, and, happily, Canada is participating in the change that is taking place through visits of people such as the Speaker of the Senate and Canadian parliamentary organizations.

Perestroika is not a new concept for Soviet scientists, because much of the liberal thinking in the Soviet Union has emanated from members of the Academy of Sciences and its various research institutes. It is interesting to note that a number of academicians were elected to the Supreme Soviet earlier this year and that one has been appointed Vice-Premier.

The academy has moved quickly with initiatives and solutions with respect to problems associated with the structure of research institutions, including the streamlining of the bureaucracy and the compulsory retirement of institute directors at 65 years of age, with new directors being elected by secret ballots. Editors of major journals, formerly elected for life, are now elected for five-year periods and are limited to two periods. Members of the academy now lose their executive positions at the age of 75 instead of having them for life. In the last election that led to the appointment of some 100 new academicians.

● (1510)

At the headquarters of the Academy of Sciences in Moscow Professor Yuri Ossipyan, deputy president, described for the benefit of the members of the subcommittee the overall structure and role of the Soviet Academy of Sciences, explaining that it participates in more than 50 cooperative agreements with foreign governments. He went to some length to explain the cooperative agreement that the academy operates under with Canada.

Professor Ossipyan had very kind words with respect to his relations with Canada, and in particular with Dr. Larkin Kerwin, the former president of the National Research Council of Canada.

Other issues discussed with the academy members included radioactive waste disposal, the greenhouse effect, and space- and defence-industry conversion to civilian goals.

Other scientists at the meeting stressed that the disposal of radioactive waste, like many other scientific and environmental matters, was an issue of global concern and interest which ought to be the subject of closer international cooperation.

The overall tenor of the meeting was one of great friendliness, with closer cooperation and liaison being welcomed by both sides.

The subcommittee met with the major departmental heads of the Institute for Evolutionary Animal Morphology and Ecology. The discussions were led by Dr. Eegeni Romanenko, who described the institute as being one of the largest biological institutes in the Soviet Union, involved in a great range of topics including the conduct of the investigation into the effects on flora and fauna of the Chernobyl accident, methods of perserving biological diversity, and a host of environmental studies. Of particular interest to the subcommittee was the institute's involvement with UNESCO's program on "Man and the Biosphere" and the investigations into the effects of the Chernobyl accident.

Dr. Igor Rjabov, the chief scientist heading the investigations into the consequences of Chernobyl, stated that the results of his inquiries would be published internationally. We were interested to learn, however, that his work had been hampered by the relatively poor quality of some of the instruments used to measure radiation levels. Western instruments exist which would greatly aid in these investigations.

The subcommittee met scientists of the Institute for Space Exploration, led by its director, Dr. Albert Galeev. The Soviet participants provided a great deal of information about the Soviet Union's current space program and its plans for the future. The subcommittee learned that bilateral cooperation works extremely well. However, it was explained that cooperation with the European Space Agency was not easy. This contrasts sharply with NASA cooperation, which was felt to be very close.

The subcommittee then travelled to Akademgorodok, a science city on the outskirts of Novosibirsk. Representatives of the Academy of Sciences, led by Dr. Anatoly Alekseev, received the subcommittee, described the facilities in the area and explained their functions.

Several substantive issues of particular interest to the subcommittee were addressed in subsequent sessions. A researcher at Akademgorodok had established that clouds of methane were being liberated with methane hydrates in the vicinity of Spitsbergen. This could be a symptom of a warming ocean. In any event, it is a factor that will enhance the greenhouse effect. An appeal was made for closer cooperation in the prediction, detection and mitigation of natural disasters. The need to preserve biological diversity was stated, and the fear was expressed that some species in the area would disappear within 10 to 15 years without major intervention to preserve them.

The subcommittee journeyed to Irkutsk, about 3,000 miles east of Moscow, for meetings with the Eastern Siberian branch of the Soviet Academy of Sciences, where discussions were led by Dr. Nikolia Logachev, director of the branch. Seismology emerged during the discussions as one area that could be particularly fruitful for cooperation between East and West. Environmental and ecological problems were discussed at length, with topics ranging from pollution of the near-earth environment and the greenhouse effect to the preservation of genetic diversification and the need to understand the forms of interaction between man and his biosphere.

A meeting was held at the Siberian Institute of Terrestrial Magnetism, Ionosphere and Radio Wave Propagation. Discussions centred around the work in progress at the institute, as explained by Dr. Geliy Zherebetsov, and around better East-West cooperation. Areas of difficulty and problems were identified and possible improvements discussed.

The visit to the Soviet Union concluded with a visit to the Baikal Ecological Museum, situated on the shore of Lake Baikal. Dr. Grigory Galazy, the museum director, gave the committee a fascinating account of the scientific and ecological importance of the Lake Baikal region and described many of the species that are of considerable scientific interest, being unique to the Lake Baikal region.

As a result of the meetings and discussions, a clear consensus emerged among members of the subcommittee that efforts should be made to redress some of the shortcomings and issues which we found. The consensus was that there should be: assistance with studies on the effects of the Chernobyl accident; cooperation with the European Space Agency—and the subcommittee is moving quickly in that area, with a meeting being planned shortly with the European Space Agency to try to establish better relations between the Soviet scientists and the agency; cooperation on the study and mitigation of natural disasters; cooperation on environmental and ecological questions, as well as data processing; funding for scientific exchange visits; joint research centres and a clearing house; circulation of scientific and technical committee reports, and NATO funding for East-West scientific cooperation.

The subcommittee, in its visit to the Soviet Union, was led by Sir Peter Emery of the United Kingdom. Members attending the sessions were myself for Canada; Mr. Jan Trojborg for Denmark; Mr. Jacques Huyghues Des Etages for France; Mr. Lothar Ibrugger for the Federal Republic of Germany; Mr. Per Aas for Norway; Mr. Aderito Campos for Portugal; Mr. Jaime Perez-Llorca for Spain; Mr. Ahjmet Karaeveli and Mr. Tahjir Kose for Turkey; while Mr. David Hobbs of the International Secretariat, North Atlantic Assembly, supported and attended the subcommittee.

The Scientific and Technical Committee considered the subcommittee's conclusions at the recent Thirty-Fifth Annual Session of the North Atlantic Assembly in Rome from September 4 to 9. It was agreed that the committee, in the coming year, would continue its efforts to address the various issues raised as a result of the visit to the Soviet Union by the subcommittee.

Again, honourable senators, the visit of this subcommittee was historically significant simply because of the fact that it

was made. What we accomplished was even greater than we had anticipated, for we felt that simply making the visit would establish a rapport and communication. However, we went much further than that, mainly because of the cooperation of our hosts; and, as you, Mr. Speaker, found, the desire of our hosts is to establish relations with the West, especially with that NATO organization.

Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

NORTH ATLANTIC ASSEMBLY

THIRTY-FIFTH ANNUAL SESSION, ROME, ITALY

Hon. Duff Roblin rose pursuant to notice of Tuesday, October 17, 1989:

> That he will call the attention of the Senate to the Thirty-Fifth Annual Session of the North Atlantic Assembly, held at Rome, Italy, from 4th to 11th October, 1989.

He said: Honourable senators, although I will be speaking on a different item on our agenda from the one Senator Hastings addressed, I can assure you that we are really both dealing with the same general institution, namely, the North Atlantic Assembly. I want to report on the annual meeting of that assembly which took place in Rome from October 6 to 10, when the parliamentarians of the 16 NATO countries reviewed the state of the alliance, an alliance which, in the opinion of many, including myself, has been a principal defender of peace over these last 40 years.

● (1520)

But, as might be expected at the meeting of a few days ago, the great emphasis was placed on an effort to inform, to interpret, to assess and to advise on the quite extraordinary convulsions which are daily acting themselves out in the military, economic and political structures of the Russian Empire.

In approaching this challenge—and it is a daunting one—the North Atlantic Assembly divides itself, as Senator Hastings has said, into a number of working committees, the views of which are brought together in the plenary session where national opinions are heard and where broad recommendations are laid down. The Canadian delegation consisted of twelve members, four of whom were senators. They attended on our Parliament's behalf and assignments were made to the various committees. I, together with André Harvey, a colleague from the House of Commons, was posted to the Economic Committee.

I first want to offer a few comments on the grand issue of East-West relations on the basis of purely personal reflections as they came to me in the corridors and at the plenary meetings of the assembly. Secondly, I want to report in some detail on the proceedings of the Economic Committee and try to relate them to Canadian policy interests.

First, may I make a personal reference to one of our delegates at the assembly, Senator Earl Hastings, who has just spoken. He is one of the few Canadians recognized by the assembly by being elected to a committee office. He is chairman of the Subcommittee on Research and Development of the Scientific and Technical Committee.

Some Hon. Senators: Hear, hear!

Senator Roblin: He is a rare bird among Canadians—*rara avis Canadensis* my notes say, but I am not quite sure what that means. Senator Hastings' personal merits are undoubted, but they were recognized by reason of his regular appearance as a Canadian delegate to his committee.

I have to report that Canada is perhaps the only country in the North Atlantic Assembly that accords little value or pays little attention to continuity of membership, Senator Hastings being a happy exception. The moral of that situation is that if we wish to have reasonable representation and recognition of Canada's interests and views in the executive committees of the assembly, then some reasonable principle of continuity must be recognized for delegates who have earned it. But Senator Hastings' election, gratifying as it was to the delegation, was in fact the case of the only Canadian so recognized.

Now let me say something about the currents of opinion as I observed them. Certainly, the prevailing atmosphere of the assembly was one that was permeated with uncertainty. In spite of the cascade of disarmament proposals and counter-proposals and moves on the international scene, of which we are somewhat aware, superpower relationships are still profoundly unstable. Yet, for all of that, the emerging regimes in the Warsaw Pact area, particularly in Poland and Hungary and no doubt, as we shall see, elsewhere, must not be allowed to fail for lack of help on our part.

It is true that the counsels of caution had influential voices at this meeting. There are no signs yet, in spite of Russian policy statements, of any reduction in the Soviet rate of arms production. That is still going ahead at a very high rate of output. Soviet unilateral arms reductions, valuable as they are and which must be recognized as being valuable, still leave basically unaddressed their asymmetrical superiority in the field of conventional armament over the NATO forces in Europe. The reshaping of Soviet military doctrine to promote the defensive nature and posture of their arms, as opposed to the offensive nature and posture of their arms, which have been so threatening to us, is not, at present, in sight. Obviously, Russia intends to remain and grow as one of the great powers, just as soon as it gets its economic wind.

But even caution must recognize opportunity, and the opportunity is real and extraordinary. Within the Union of Soviet Socialist Republics the political change is quite incredible, as we can all bear witness. Not exactly a Westminster-style democracy to be sure—I for one would hardly expect that—but a real devolution of power from the Nomenclatura to the elected legislature, and from Moscow to the provinces. Revolutions of nationalism will run their course on the fringes of the Russian domain.

The acknowledged severe economic crisis is prompting a compulsive move from the command economy to something called "market socialism," whose meaning seems to alter as the change lurches forward. And the difficulties of making that change are, indeed, extreme. But the credentials, I suggest, of Mr. Gorbachev as a political and economic reformer, when they are subjected to the closest scrutiny, still must be accepted.

The Russian earth is shaking. They are engaged in an extraordinary venture into what, to them let alone to us, is the unknown, and the one clear conclusion that we can reach is that things will not remain as they are.

But outside Imperial Russia, particularly in the territory of the Warsaw Pact, particularly in Poland and Hungary, the shape of things to come can be assessed with considerably more confidence. Change there has had a longer visible run. Multipluralism in politics, and, I trust, economics, is now to have its head, and market economies are being resurrected from the past. Within limits dictated by military interests, the Soviets display an outwardly impassive attitude.

It was to this Warsaw Pact situation and in particular to the nations of Poland and Hungary that the Economic Committee of NATO, of which I was a member, directed its attention.

Other senators will no doubt report on their committees, but in the Economic Committee, by the nature of its constitution and its interest, we were able to put the cautionary mode aside and to make a clear call for action.

The Economic Committee's final submission to the plenary session, with some additions from two other committees, is a resolution of some four pages. It consists of 14 clauses and "Whereases" and 11 recommendations for action. It would be tedious to read the whole matter, but I shall try to convey its general tenor and thrust by judicious selection, in which I will quote from three of the preliminary clauses, 11, 12 and 13.

This is what the committee has been saying to the plenary session:

> Clause 11. Encouraged, therefore, by the declared international readiness to support the reform efforts in Eastern Europe as long as they lead to more democratic and pluralistic societies and the unanimous decision taken by the Summit Seven in Paris in June that the EEC Commission take a leading role in coordinating support for Hungary and Poland;
>
> Clause 12. Convinced that Western countries should act more quickly to provide food aid and credit guarantees, and to make possible debt rescheduling, for those reform-minded countries requiring such assistance; and welcoming, as a first step, the recent decision of the European Commission to help in the restructuring of the economies of Poland and Hungary;
>
> Clause 13. Persuaded that, under the present circumstances, financial injections into the economies of reform-minded member countries of the Warsaw Treaty Organization are most productive when linked to market-oriented reform;

There is much more, but I think you can get the thrust of it from that. I think that gives you an idea of the nature of the preliminary considerations which this committee decided it could approve, because, on the basis of all these preliminary items in the preamble, which I will not read in full but which I think are reasonably represented by the three clauses I have cited, the resolution proceeds to 11 recommendations for action. It is important to note all 11 recommendations.

• (1530)

Senator Frith: You have not read them into the record. You have read them yourself.

Senator Roblin: I am coming around—

Senator Frith: I am sorry.

Senator Roblin: I do not think I will leave anything out. My honourable friend is interested in what I am saying and I appreciate that interest; I will let him have it all. In fact, I will table this report with the proliferation of "Whereases" and the 11 recommendations.

Senator Frith: He is not going to let me get a word in to explain.

Senator Roblin: Certainly not. I do not think I am required to be interpreted by my honourable friend. I will do my best to speak for myself. There are 11 recomendations to note and they are all important—

Senator Frith: You gave the ambiguous premise that you might not have read it all yourself.

Senator Roblin: —and they are worth reading. They recognize the economic and social changes of the Warsaw Pact area,—

Senator Frith: Forget it!

Senator Roblin: —with Hungary and especially Poland as being the centre of attention.

But there is an unusual thrust in these recommendations, particularly coming from international organizations such as this one, because as a rule these organizations do not give their emphasis to people so much as to government or government instrumentality. While it is true that there are plenty of the expected references to governments and international institutions, the macro side of the situation, the unusual part of this resolution to me was the reference it made to people, the micro side of the situation, to markets and to the enterprise economy.

Just so my honourable friend will get a taste of what that is all about, I will read three of the recommendations that were urged upon the plenary session. The first one is (c):

> by ensuring the concentration of direct financial support to Poland and other reform-minded countries on initiatives that promote competition and provide new opportunities for trade, such as the establishment of small and medium-sized businesses, craft undertakings and service industries, improvements in farm productivity and the distribution of agricultural produce throughout the food supply chain and the enhancement of professional and managerial training;

Then, skipping to (f):

> by improving market access for reform-minded countries to Western economies; and by encouraging the establishment of East-West joint ventures through, inter alia, the introduction of measures, on both bilateral and multilateral levels, which provide Western investors with a degree of guarantee for their investment in such operations;

And (h):

> by facilitating and promoting visits to their countries by tourists, students, scholars, researchers, engineers and businessmen from reform-minded member countries of the Warsaw Treaty Organization through, inter alia,—

They love that phrase.

> —the establishment of training and exchange programmes, and a relaxation of visa requirements;

There is much more, but that gives some justification to the emphasis I am placing on my consideration of what took place in Rome on the human aspect of the matter and in dealing with practical assistance at the level where things are done, namely, where small people are, rather than on institutions and government instrumentalities.

Limiting my comments to Poland, I note with satisfaction that the substantial response to Polish needs is already beginning to appear. In fact, it was appearing during the meeting itself. We have all seen references to the fact that in West Germany they are talking about perhaps a billion dollars worth of financial guarantees to be made available for Poland; in the United States the House of Representatives has raised the ante over the President to some $840 million; and in the European Community it is to be $325 million next year, and they plan to give more. I take much satisfaction in knowing that Canada is also responding, and the Prime Minister's statement of October 12 on Poland is one that I like because it is practical; it is realistic and it is well designed for the purpose.

The Prime Minister's policy statement responds, coincidentally I suppose, to some of the important recommendations that we arrived at in our Rome meeting. I see that Canada, with others, will supply emergency food, but I want to point out—and this was made perfectly clear in our discussions in Rome—that it is just as necessary to help the Polish farmers themselves to feed Poland from now on. They did it before and they can do it again. Eighty per cent of the agriculture of Poland is still in private hands. The only problem is that the farmers are starved for capital and equipment. They need quality seed, pesticides, fertilizers and implements. They need trucking facilities, trucking firms and trucks on the farm to get the produce to market. They need storage depots in order that the harvest can be kept from spoiling.

In my opinion, agriculture—and I was able to say this in the committee—is the primary engine of growth in Poland. Help should certainly be given in the first instance to these essential producers, particularly as it is quite possible to envisage revolving capital and credit facilities to enable these farmers to be self-financing if given a decent start. The money can then be recirculated later on for other important uses.

A good food production and distribution system can pay for itself, and our contribution, if recycled, will ensure that its good effects are indeed multiplied. More than that, if there is any sector of the Polish economy that can be made viable in time for the next free elections, which is four years from now, it is agriculture. That is a very important and significant observation. I do not take the credit for it, but I believe it to be true, and I believe it to be the focus of one of the important thrusts of the meeting in Rome and, indeed, of the policy announcement of the Canadian government. There is a very important lesson there for the future; let us give emergency food aid and the like where we must, but let other assistance go to productive developments that would have a chance to pay their way. I think that is the greatest favour we can do for the people we are trying to help.

I also believe that there is other assistance available to productive developments besides agriculture, which can also be very useful. I believe that the Canadian policy statement, what the Prime Minister had to say on October 12, emphasizes what the private sector can do, and that is good. It emphasizes food help to get things going, and that is good. It emphasizes trade, and that is good. It emphasizes dealing with the debt problem, and that is good. I also believe that some Canadians of Polish and Hungarian origin are ready and able to help their former countrymen start up the market economy machinery.

Private capital and private know-how are to be there and they need to be encouraged. I submit that the business risk involved should be borne by business, but political and perhaps exchange risks could well be ensured by the government. I hope that the coordinator of Canadian economic assistance, whose post is revealed in the Prime Minister's statement, seizes on this point of contact to organize such an initiative on the part of Canadians who have their origin in that part of the world. Canada's $42 million offer can have a multiplier effect and can have a significant meaning in meeting the needs of the Polish countryside.

There is one item, however, that I want to make brief reference to, which is the Polish debt that is owing to Canada. Canada has an amount of $2.6 billion owing to it through previous contributions made to the Polish government in the 1970s, and I think that we have to take note of that debt that overhangs the Canadian-Polish financial relationship. I tried to find out the status of that loan today but I was not successful. I could not find out what the terms were. I could not find out the rate of interest, the terms of repayment or the status of the note. I am not sure why, but those facts were not available to those in the library who were inquiring on my behalf.

I think it is safe to say that most of that $2.6 billion stands in the unpaid column and that interest is probably also in arrears. I do not think there is much use in our trying to ask the Polish government today to deal with that $2.6 billion. It should be included in the some $40 billion they owe, which is now being gradually rescheduled by those to whom they owe it. We ought to do the same thing. While it would probably be

offensive to Polish national pride, and I can understand that, that it be made a gift or written off without consideration, the Canadian government should make it clear, however, that we are not looking for immediate repayment in any respect, and that it can be rescheduled to the day, hopefully in the not too distant future, when this sort of thing can be handled in a more business-like manner.

• (1540)

The details of the Economic Committee and its relationship to Poland can, by extension, be referred to the situation in Hungary and in the other countries of the Warsaw Pact. But I would not like to leave this subject in the rather prosaic vein in which I have spoken so far, because the North Atlantic Association meeting in Rome in 1989 took place amid circumstances which no one could ever have expected to see. As Senator Hastings has said, the idea of the Commander-in-Chief of the Warsaw Pact, General Lobov, coming before this meeting of the North Atlantic Treaty Organization to speak, to answer questions and to debate with his opposite number in NATO, General Galvin, the NATO Supremo, is remarkable. Who could ever have envisaged a theatrical scene of that sort? And who would have thought that representatives of the Polish and Hungarian governments would have come themselves before the various committees of NAA to discuss their economic prospects and their political future? What a psychological sea change do we see here in relationships between East and West? That point, I think, was made very well by Senator Hastings when he spoke with respect to his particular committee.

Europe and the world are racing towards a new political, economic and military order, the shape of which can only be dimly foreseen, if it can be foreseen at all. And we strain to keep up—we strain to discern reality from illusion through what could be described as a veil of uncertainty. But caution and action are far from incompatible. In fact, they interact with one another. Action to grasp an opportunity is essential if cautionary fears are to be put to rest. It seems to me that we are now going to be spectators at one of the decisive turning points in the whole of the East-West relationship—a test that I think will be provided by the outcome of the conventional arms reduction talks that are now going on in Vienna. It seems to me that this is going to be critical to establishing good faith and a cooperative spirit between the two sides that face each other.

Honourable senators, what we want from Vienna is, I think, pretty clear. We want a reduced and balanced conventional arms system in Europe, or to modify what is a familiar American phrase, a "level battlefield," if that does not sound a little flippant. The Russians say, "We are ready for it." What we want is a system, on the ground and in the air, of observation and verification to make sure that each side keeps its word. And the Russians say that they are ready for it. Our contribution in Canada, in promoting the open skies plan that is before this house at the present time, will certainly help that process along.

However, success at Vienna, which I think is within grasp, goes beyond conventional forces. It greatly reduces but does not eliminate the requirement for nuclear weapons. If this comes to pass, and I think it is certainly possible, and I think the target of 1990 established by President Bush can well be met, NATO will not disappear, but it will be changed. Canada's role within NATO will not disappear, but it will be changed. I trust that the principle of collective security, which is indeed the very essence of NATO, has been too hardly won for any of us to advocate that it be thrown away on a burst of euphoria.

Canada is safe—indeed, it is more independent—within a circle of like-minded nations than it is alone in the world or even in Fortress North America. I think we are now face to face with the best chance we have had in 40 years of seeing to it that a due proportion can be returned to the relationship between peoples and states. I think that we can rededicate ourselves to the peaceful progress of mankind. I believe, I trust that the nations of the world, and the nations of East and West in particular, will prove themselves equal to what I regard as this unprecedented opportunity which time and circumstance have now laid before us.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak on this matter, the inquiry is considered debated.

Senator Roblin: Before we leave the matter I should like, with the permission of honourable senators, to table the report of the Economic Committee to the North Atlantic Assembly so as to provide a little meat to the bones I have been gnawing on.

Hon. Earl A. Hastings: I ask that it and the list of Canadian delegates be printed as an appendix to today's *Debates of the Senate* and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report and list of Canadian delegates, see Appendix "B", p. 616.*)

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 599*)

BANKING, TRADE AND COMMERCE

THIRD REPORT OF STANDING SENATE COMMITTEE

TUESDAY, October 24, 1989

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

THIRD REPORT

Your Committee, which was authorized by the Senate on October 4, 1989, to study the future of Canadian financial institutions in a globally-competitive and evolving environment and, in particular, the ownership of such institutions, and to present its final report no later than March 31, 1989, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

SIDNEY L. BUCKWOLD
Chairman

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON
BANKING, TRADE AND COMMERCE

APPLICATION FOR BUDGET AUTHORIZATION FOR
THE FISCAL YEAR ENDING 31st MARCH 1990

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, October 4, 1989, 1989:

"The Honourable Senator Buckwold moved, seconded by the Honourable Senator Anderson:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to study the future of Canadian financial institutions in a globally-competitive and evolving environment and, in particular, the ownership of such institutions; and

That the Committee present its final report no later than March 31, 1990.

After debate, and --
The question being put on the motion, it was--
Resolved in the affirmative."

GORDON L. BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services (including salaries)	**$ 45,300.00**
Transportation and Communications	**6,500.00**
All Other Expenditures	**1,500.00**
TOTAL	**$53,300.00**

The foregoing budget was approved by the Committee on the 17th day of October 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Chairman, Standing Senate Committee on
Banking, Trade and Commerce
Sidney L. Buckwold

Date: October 18, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal
Economy, Budgets and Administration

Date: October 19, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services

1.	Consultant on fiscal law 25 days @ $800.00 p.d.		$ 20,000.00	
	Air Transportation	$228.00		
	Ground Transportation:			
	Taxis: 4 rides @ $18.00	72.00		
	Accommodation	100.00		
	Per diem: 2 days @ $40.00 per day	80.00		
		480.00		
	10 trips @ $480.00		4,800.00	
2.	Economist 25 days @ $600.00 p.d.		15,000.00	
	Ground Transportation:			
	Train	48.00		
	Taxis: 4 rides @ $18.00	72.00		
	Accommodation	100.00		
	Per diem: 2 days @ $40.00 per day	80.00		
		300.00		
	10 trips @ $300.00		3,000.00	
3.	Proofreading and editing of reports: 50 hours @ $50.00 p. h.		2,500.00	$45,300.00

Transportation and Communications

1.	Call for submissions in one French and one English daily	4,000.00	
2.	Travel by personnel for staff meetings	500.00	
3.	Telecommunications	500.00	
2.	Postage, Freight and Courier Service	1,500.00	6,500.00

All Other Expenditures

1.	Contingencies	1,500.00
	TOTAL	$53,300.00

Budgets approved for the fiscal year 1988-89	$50,000.00
Expenditures	2,836.00
Budgets approved for the fiscal year 1989-90	40 000,00

APPENDIX (B) TO THE REPORT

THURSDAY, Octobre 19, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget present to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for the proposed expenditures of the said Committee with respect to its examination on the future of Canadian financial institutions in a globally-competitive and evolving environment and, in particular, the ownership of such institutions, as authorized by the Senate on October 4, 1989. The said budget is as follows:

Professional and Other Services (Including salaries)	$ 45,300.00
Transportation and Communications	6,500.00
All Other Expenditures	1,500.00
TOTAL	$53,300.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX "B"

(*See p. 613*)

NORTH ATLANTIC ASSEMBLY

DRAFT RESOLUTION*

SUPPORTING, ASSISTING AND MANAGING THE PROCESS OF CHANGE IN EUROPE

The Assembly,

1. Mindful of the indivisibility of the concept of security in Europe, as well as the inter-relationship between the steady integration of the Eastern European countries in the world economy, stability in Europe and the step-by-step elimination of the unnatural continental division;

2. Supportive of Soviet President Mikhail Gorbachev's policy of Perestroika, as well as of comparable initiatives aimed at economic and social change taken in other member countries of the Warsaw Treaty Organization, to the degree that these initiatives bring the countries concerned closer to market economics and democratic institutions;

3. Encouraged therefore by, and supportive of, the process of democracy in Poland and Hungary and the efforts being made to restructure these economies to incorporate significant market elements;

4. Convinced that the steps being taken toward economic reform in some Eastern European countries are long term pre-requisites for stable democratic development;

5. Emphasizing, furthermore, the existing and potential positive and regenerative effects of reforms in the Soviet Union on governments and societies in other countries of the Warsaw Treaty Organization;

6. Concerned, therefore, that the momentum of reform in the Soviet Union may be negatively affected by the lack of concrete economic results and the spread of consumer dissatisfaction, ethnic and nationalist tensions, industrial unrest and political opposition;

7. Welcoming, as part of the economic reform underway in some European countries, the declared intention of several Warsaw Pact nations to reduce the overall defence burden and to transfer resources from the defence to the civilian sector (and noting steps taken already in this direction including, among other things, unilateral reductions and the willingness in CFE to accept asymmetrical cuts);

8. Concerned, however, that because of the lead-times involved, such a transition is inevitably a long process and that economic benefits from breakthroughs in disarmament will not materialize in the short-term;

9. Believing that Alliance members should try to help to encourage this process, not only with respect to their arms control and defence policies but also in terms of providing actual assistance in the short-term through policies such as those recently called for by the Senate Foreign Relations Committee;

10. Acknowledging the commitment of the countries of the Atlantic Alliance to constructive change in Eastern Europe as embodied in the Washington Treaty, the Harmel Report and the CSCE Final Act, and recognizing that Poland and Hungary will not be able to bring economic reforms to a successful conclusion single-handedly;

11. Encouraged, therefore, by the declared international readiness to support the reform efforts in Eastern Europe as long as they lead to more democratic and pluralistic societies and the unanimous decision taken by the Summit Seven in Paris in June that the EEC Commission take a leading role in co-ordinating support for Hungary and Poland;

12. Convinced that Western countries should act more quickly to provide food aid and credit guarantees, and to make possible debt rescheduling, for those reform-minded countries requiring such assistance; and welcoming, as a first step, the recent decision of the European Commission to help in the restructuring of the economies of Poland and Hungary;

13. Persuaded that, under the present circumstances, financial injections into the economies of reform-minded member countries of the Warsaw Treaty Organization are most productive when linked to market-oriented reform;

14. Encouraging the Western countries to translate verbal pledges into practical assistance where and when it is most needed;

15. URGES member governments and parliaments of the North Atlantic Alliance to work together to stimulate economic and social change in the member countries of the Warsaw Treaty Organization:

a. by using their influence upon friendly states, international organizations and institutions in favour of promoting the social and economic reforms in East and Central Europe;

b. by supporting the relief of Poland's debt problem through the conclusion of a reasonable agreement between the IMF and Poland, enabling the provision of much needed stand-by credit, and through a longer-term and more comprehensive rescheduling of Poland's guaranteed debt within the framework of the Paris Club;

c. by ensuring the concentration of direct financial support to Poland and other reform-minded countries on initiatives that promote competition and provide new opportunities for trade, such as the establishment of small and medium-sized businesses, craft undertakings and service industries, improvements in farm productivity and the distribution of agricultural produce throughout the food supply chain and the enhancement of professional and managerial training;

d. by promoting the speedy signing of trade and co-operation agreements within the framework of the European Community and by supporting further trade liberalization;

e. by exploring possibilities within the European Community for the feasibility of the involvement of the European Investment Bank in the financing of appropriate infrastructure projects;

f. by improving market access for reform-minded countries to Western economies; and by encouraging the establishment of East-West joint ventures through, inter alia, the introduction of measures, on both bilateral and multilateral levels, which provide Western investors with a degree of guarantee for their investment in such operations;

g. by stimulating East-West technical co-operation and trade, particularly in the crucial field of environmental protection, through, inter alia, projects of scientific co-operation and a co-ordinated and selective reduction of the technology export controls embodied in the framework of the Co-ordinating Committee on Multilateral Export Controls (COCOM);

h. by facilitating and promoting visits to their countries by tourists, students, scholars, researchers, engineers and businessmen from reform-minded member countries of the Warsaw Treaty Organization through, inter alia, the establishment of training and exchange programmes, and a relaxation of visa requirements;

i. by actively encouraging the participation of these countries in international economic institutions such as GATT and the IMF if and when they are ready to assume the obligations of such institutions and can fulfill the normal requirements for entry, and by granting interested countries observer status in these institutions in order to help them to adapt their rules to normal international practice;

j. by supporting, as a manifestation of the objectives laid down in the May 1989 Declaration of the Alliance Heads of State and Government, the unique role of the NATO Economic Committee as a forum for discussion of the economic and security dimensions of change in member countries of the Warsaw Treaty Organization and of initiatives taken by Alliance member countries towards the region, and by ensuring participation in this forum at the highest possible level;

16. URGES member parliaments of the North Atlantic Alliance:
to consider special initiatives, as a matter of urgency, analagous to those being considered in the U.S. Senate, for the appropriation of special funds to assist in the process of democratization and reform in Poland, Hungary and other East European countries willing to institutionalize political democracy and economic pluralism and respect for human rights;

17. RESOLVES
that the North Atlantic Assembly, unique in comprising parliamentarians from all sixteen Alliance nations, will serve as a point of contact with parliamentarians from the Warsaw Pact member countries to exchange practical experiences and ideas on the role of legislatures in shaping and overseeing domestic and foreign policy, and will assist where possible and appropriate in fostering greater understanding and confidence-building among their governments and societies.

*Combined version of the texts adopted by the Economic Committee (AG 233 EC(89) 9 rev. 1), the Defence and Security Committee (AG 226 DSC (89) 7 rev. 1) and the Political Committee (AG 243 PC (89) 10).

CANADIAN DELEGATES TO THE 1989 ANNUAL SESSION OF THE NORTH ATLANTIC ASSEMBLY

Delegate	Spouse
Head of the delegation	
Mr. Bob Hicks, M.P., P.C. Scarborough East (Ont.)	Joan Hicks
From the Senate	
Hon. Jacques Flynn, P.C. Rougemont (Que.)	Renée des Rivières

Hon. Earl Hastings, Lib. Palliser-Foothills (Alta.)	Evelyn Hastings
Hon. Colin Kenny, Lib. Rideau (Ont.)	Petra Kenny
Hon. Duff Roblin, P.C. Red River (Man.)	Mary Roblin

From the House of Commons

Mr. Derek Blackburn, N.D.P. Brant (Ont.)	Monique Blackburn
Mr. André Harvey, P.C. Chicoutimi (Que.)	Lise Hallé
Mr. Robert Horner, P.C. Mississauga West (Ont.)	Elayne Horner
Mr. Arnold Malone, P.C. Crowfoot (Alta)	Susan Malone
Hon. André Ouellet, Lib. Papineau-Saint-Michel (Que.)	Edith Ouellet
Hon. William Rompkey, Lib. Labrador (Nfld.)	Carolyn Rompkey
Mr. Geoff Wilson, P.C. Swift Current-Maple Creek-Assiniboia (Sask.)	Eileen Wilson

Accompanying Staff

Ms. Mary MacDougall, Executive Secretary
Mr. Richard Rumas, Deputy Executive Secretary
Mr. David Lord, Adviser

THE SENATE

Wednesday, October 25, 1989

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

Prayers.

QUESTION OF PRIVILEGE

Hon. William M. Kelly: Honourable senators, I rise on a question of privilege, and I will be brief. I should like to refer to notes—and I believe these were handed out to all honourable senators—used by the Honourable James Horsman, Deputy Premier of Alberta, during a speech he gave on October 17, 1989, at Moscow State University, Moscow. I refer specifically to page 10 of those notes, the second paragraph from the bottom, and I quote:

> As Canada's democratic traditions were strengthened, however, the appointed Senate lost its legitimacy, and today does not in any way represent provincial or regional interests in our federal government.

Honourable senators, I do not know anything about Mr. Horsman, but I gather from that paragraph that he does not know very much about the Senate.

Some Hon. Senators: Hear, hear!

Senator Kelly: It has not been my experience that the Senate today fails to represent provincial or regional interests. I am not going to dwell on the legitimacy element, but anyone who listens to Senator Olson, for example, as we all do almost daily, knows that Senator Olson clearly takes a deep interest in his part of the country. He takes much more time to describe those concerns than most people would; nonetheless, he makes the point on a regular basis.

Senator Olson: So long as I get the message across.

Senator Kelly: Senator Nurgitz speaks on behalf of his province. No one can doubt the interventions Senator Marshall makes respecting issues and problems faced in the province he represents.

My seatmate, Senator Bielish, Senator Guay, Senator Robichaud, Senator Roblin, Senator Buckwold—all are concerned about regional interests.

I have been in the Senate only seven years, but it has been made clear to me again and again that members of this chamber do indeed take seriously the obligation to represent their regions. The record shows that. I would urge anyone who knows Mr. Horsman to suggest that he research the subject a little more carefully.

Hon. H.A. Olson: Honourable senators, I should like to support Senator Kelly. We have heard these kinds of comments not only from Mr. Horsman but from a number of other people. There are many who question the legitimacy of the Senate. They use that as a means of degrading this institution.

As has been stated here and in a number of other places, the Senate of Canada was established under the Constitution of Canada. If there is a test of legitimacy, it must be the test of legality. The Senate constitutes one of the two houses of the Parliament of Canada. That is provided for in the Constitution, notwithstanding how little Mr. Horsman knows about it.

It may be that the Leader of the Government has had some discussions with Mr. Horsman regarding Senate reform. It would be helpful and interesting to the members of this chamber if the leader told us what his response has been to Mr. Horsman's promotion of some new structure that would legitimize this place, as Senator Kelly has pointed out. I have never heard the leader make any comments about that or tell us what the government's position is. I know, honourable senators, that the government, and particularly the minister responsible, have said that they are in favour of putting Senate reform at the top of the agenda—probably after Meech Lake passes or after June 23, 1990, whichever comes first. I believe that is the deadline date we have been given.

In any event, Senator Kelly made an observation about certain comments that were made about the Senate which I think need to be challenged, and I am glad that he did so. I hope we can find a better and more effective way of carrying that message to Mr. Horsman, the Deputy Premier of Alberta, than simply advocating having people who know him mention it to him. Perhaps the Government of Canada should remind him that the Senate is a part of the Parliament of Canada under the Constitution. As you know, it is made up of three parts, of which the Senate is one part. More importantly, honourable senators, if the Fathers of Confederation had been unable to agree on the setting up of a Senate chamber, or a second chamber known as the Senate, there would have been no Confederation, no Canada. That is clear in the debates. Two provinces at least, Nova Scotia and New Brunswick, said "no thanks" to strictly "rep by pop", or representation by population, which would have had the consequence of Upper and Lower Canada's dominating the situation. Heaven knows they do that enough now anyway, but there would have been no Canada as we know it today. Nova Scotia and New Brunswick refused to join in Confederation on that basis; and, as a matter of fact, if you want to take enough time to look at those debates you will find that a great deal of time, between 1864 and whenever it was agreed to in 1867, was taken up in deciding whether or not there was going to be a second chamber.

An Hon. Senator: It was 18 days.

Senator Olson: No, it was not 18 days. It might have been discussed for 18 months. What is more, they also had a long debate on how much power under the Constitution the second chamber was going to have. I suggest to you that if they had not agreed to the kinds of power or jurisdiction given to the second chamber under the Constitution—which are indeed rather extensive for the Senate; we have the good sense not to use them very often, but the fact is they are there—they would not have joined. That is clear from the debates.

I would like Senator Kelly to know that I support his contention that something should be done about this problem of trying to establish, re-establish or maintain, or whatever the right word is, our legitimacy, and I would hope that other members of this chamber would also support that position.

Hon. Heath Macquarrie: Honourable senators, this is a most exciting development in what I thought to be a very innocent intervention by Senator Kelly.

Senator Frith: Innocent? I have heard you accused of a lot of things, Senator Kelly, but that is the first time I have ever heard that!

Senator Macquarrie: I used to say how orderly the Senate was—

Senator Steuart: That was in the olden days.

Senator Macquarrie: —but I do not say that this afternoon. The suggestion that Mr. Horsman, whom I do not know—well, there are so many Tories, how could I know them all!

Senator Steuart: Why would you want to?

Senator Macquarrie: We have so many members in the House of Commons that I have not met them all, and long may that problem continue so far as I am concerned. I think it is just great.

It has been on my mind for some months that we have too easily succumbed to those who question our legitimacy in this place. Indeed, what has shocked me from time to time is that members of this chamber will themselves confess to political illegitimacy.

● (1410)

Honourable senators, in my long lifetime I have sometimes been called a seven-letter word beginning with "b", but I have never felt so guilty, even though I am a Presbyterian and we are strong on remorse, that I would call myself by such a word. There is no reason why any senator, knowing the great work done in this place by the vast majority of senators, should ever question even for one moment the legitimacy of his role. You do not have to be elected to be able to represent people or provinces.

We now have the idea that without election everyone is illegitimate. I hope that theory is not moved to the Supreme Court of Canada later on. It is quite possible to function constitutionally, to function effectively and to function on behalf of the area from which you come, indeed, on behalf of the whole country, without election. And Senator Olson is quite correct. As the great George Brown said, without equality between what used to be Upper and Lower Canada the whole Confederation process would not have advanced a step.

Honourable senators, the people who worked that out were not old-fashioned buffoons with high hats and big beards. They were the people who brought about the greatest exercise in nation building and in states-craft that this country has yet witnessed. They did not set up a certain chamber in a certain way, different from the other, just to be perverse or just because they could not think of anything better. They thought about it very deeply.

Honourable senators, I was reading an old political science essay of mine, which I wrote in 1946. I am sorry to have reverted to my own writing, but my great mentor, Professor Lower, always taught us to go to the best possible research sources! In that essay I quoted Professor Laski, at one time the guru of the British Labour Party—and I see that we have our United Kingdom parliamentarians here, but they are all too young to remember Mr. Laski—and he said that the Canadian Senate does not even command its own self-respect. I thought at the time that it was a scornful, nasty remark, but now that I am older and wiser I look upon it with a little more care and with greater depth. Perhaps there is something in what he said.

Down through the years great men like Arthur Meighen have complained bitterly about the way the Senate is used at the end of sessions, when all sorts of legislation is sent to it for instant passage. Surely, somewhere along the line, senators should have been able to say that, if a legislative body cannot determine when it sits and when it adjourns, it is not really possessed of much independence. Surely, in 122 years, some way could have been found for this chamber to communicate to the other what its plans are, when it will sit, when it will adjourn, and making it known that if there are any problems we will discuss them, rather than sitting supinely and having it all thrown upon us. Senators who have been here longer than I know that often, in joint discussions about what is to be done with office facilities, and so on, on the Hill, the Senate ends up being stuck with the short end of the stick. If there is printing to be done, for example, the Senate will wait until the printing of the House of Commons is completed. This body, which possessed great men like Meighen and Cartwright and all sorts of other, able, appointed people, has often been put in situations like that. Perhaps there is something in what Laski said.

Honourable senators, sometimes, as I sit in my office in the East Block, I hear the guides going by with groups of tourists. I am on the second floor there—with other historic artifacts—near the offices of John A. Macdonald and George Étienne Cartier. Thank God, they were both rather bibulous men, and it doesn't restrain me a bit; but I have heard the guides saying to the tourists, "In this building there are members of Parliament and senators." Of course, what they should have been saying was, "members of the House of Commons and senators." Have we lost even the right to be recognized as an integral part of the Parliament of Canada?

Before I become too much of a Jeremiah I will just say that it has been an interesting discussion and that if we could be a little less supine in the face of the Horsmans of this world, who

think we have no legitimacy, no Constitutional structure, that might be a slight improvement.

Hon. Joyce Fairbairn: Honourable senators, I, too, rise in support of Senator Kelly's intervention. I have also read that speech within the last few days. Mr. Horsman, as you may well know, is the Deputy Premier of Alberta and Minister of Intergovernmental Affairs. It is no secret that he does not have an enthusiastic view of this place or of the senators who serve in it.

I had the interesting experience of sharing a platform this summer with Mr. Horsman and a representative of the Reform Party, where we engaged in a vigorous debate on Senate reform, which all of us approved of in one way or another. On occasions like that in Canada that is fair game. It is fair game to have as wide-open and as critical a discussion on political and parliamentary issues as we wish. However, I regret very much that, in his position as a ranking minister in the Alberta government, Mr. Horsman would choose to convey outside this country, namely, to an audience in Moscow, such an erroneous impression of the constitutional basis of the parliamentary system in Canada.

Hon. John B. Stewart: Honourable senators, I have something to add. In the world in which we live there now are few offices that entail automatic legitimacy. In the modern world, as in the marketplace, legitimacy has to be earned.

It is true that election creates in the minds of many nowadays a presumption of legitimacy. Sometimes that presumption turns out to have been ill-founded. Even the members of the other place, although elected, may come to be found illegitimate by their constituents—not on a party basis but on a personal basis. But there is—and we have to concede this—in our day a presumption of legitimacy that favours those legislators who acquire office by election.

What, then, is the problem that confronts us? The problem that confronts us is that as appointed persons we attract a great deal of criticism inspired by envy. We attract a great deal of ignorant comment inspired by ignorance—not the product of malice but of inattention. The bottom line is that, whether we regard ourselves as legitimate or not, the truth of the matter is that what is important is how other people regard us. We all will have to work ever better to earn the legitimacy that we feel is owed to the Senate.

DISTINGUISHED VISITORS IN GALLERY

DELEGATION FROM THE UNITED KINGDOM

The Hon. the Speaker: Honourable senators, I should like to draw your attention to the presence in our gallery of a delegation from the United Kingdom headed by Mrs. Marion Roe, M.P.

Hon. Senators: Hear, hear!

• (1420)

INTER-PARLIAMENTARY UNION

EIGHTY-SECOND CONFERENCE, LONDON, ENGLAND—NOTICE OF INQUIRY

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Tuesday next, October 31, 1989, I will call the attention of the Senate to the Eighty-second Conference of the Inter-Parliamentary Union held at London, England, from September 4 to 9, 1989.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart, with leave of the Senate and notwithstanding rule 45(1)(*a*), moved:

> That the Standing Senate Committee on Foreign Affairs have power to sit at three thirty o'clock in the afternoon on Tuesday, 7th November, 1989, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Hon. Charles McElman: Honourable senators, since we have discussed this matter previously, I understand why the chairman is making such a request and I agree with his reasoning; but I think in all such cases the record should show why the chairman is making such a request. Therefore, I would appreciate it if the chairman put his reasons on the record.

Senator Stewart: Honourable senators, I am quite prepared to do so. The committee is carrying out the instructions of the Senate to monitor the implementation of the Free Trade Agreement with the United States of America and to examine other trade-related matters. One of the other trade-related matters which we have been considering has been the movement of the European Community towards a more perfect union, if I may use that expression. We have invited as a witness Mr. Philippe Moreau-Defarges of the Paris-based Institut Français des Relations Internationales. Mr. Moreau-Defarges is also a professor at the Sorbonne; some of you may have met him there. Mr. Moreau-Defarges is scheduled to testify before our committee on November 7 on matters relating to the European Community 1992 and also on East-West European relations.

Since our witness has agreed to come so far in order to help the Senate of Canada, we thought it would be wise to be able to set an hour certain at which the committee would meet. That is why the committee decided to seek the agreement of the Senate to the motion I have moved.

Motion agreed to.

QUESTION PERIOD

COMMONWEALTH CONFERENCE

COMMUNIQUÉ ON SOUTH AFRICA—DISSENTING VIEWS—APPARENT RIFT BETWEEN PRIME MINISTERS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I had intended to ask these questions yesterday, but I postponed them until today because of the unavoidable absence of the Leader of the Government. Therefore, the coincidence of the presence of a group of British parliamentarians in the gallery is not at all related to the timing of my questions.

My questions relate to the apparent rift which has taken place in Kuala Lumpur between the Prime Minister of Canada and Prime Minister Thatcher of the United Kingdom on, shall I say, an alleged breach of faith or trust on the part of the British Prime Minister.

Obviously referring to the British Prime Minister, the Prime Minister of Canada said on Monday:

> Sign a document at five, repudiate it at six. This is a strange way for people to do business.

Later, in another interview, he said:

> We're not quarreling with anybody's right to say anything they want, but I invite you to consider where we would all be as an institution if once we had agreed upon a point,—

I draw honourable senators' attention to that expression, "once we had agreed upon a point."

> —everyone came out and issued 49 dissenting opinions.

I found those complaints to be rather serious. Accordingly, I obtained a copy of the communiqué from that meeting of Commonwealth members, which is entitled "Statement on Southern Africa: The Way Ahead", and a copy of the subsequent statement issued by Mrs. Thatcher. I attempted to find where in Mrs. Thatcher's subsequent statement she disagreed with the points she had agreed with in the original statement, and I could not.

Therefore, I ask the minister to tell us the points in the Kuala Lumpur Commonwealth statement to which the Government of the United Kingdom agreed and from which it later withdrew or dissented.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am afraid I cannot help my honourable friend on that matter today as my own attention has been occupied elsewhere the past day or two. I shall see what report I can obtain on that matter, even in advance of the return of the Prime Minister and the Secretary of State for External Affairs to the country.

Senator MacEachen: I thank the Leader of the Government for his willingness to make those inquiries. In making those inquiries, will he take into account the fact that in paragraph 8 of the main document issued in Kuala Lumpur, "Southern Africa: the Way Ahead", the British government dissented from the other members of the Commonwealth on the impact of the sanctions? In fact, the paragraph begins, "Heads of government other than Britain." I ask the minister also to take into account paragraph 10 of the main document, with respect to which the British government disagreed, and said so explicitly, with the notion of strengthening sanctions; paragraph 11, on which the British government dissented, and said so, on the proposal to establish an agency to monitor Southern Africa's financial links; and paragraph 27, on which they dissented, and said so, on the proposal to continue the work of foreign ministers of the Commonwealth. Will he take into account those dissenting paragraphs and the fact that the subsequent statement of the Prime Minister of the United Kingdom is confined entirely to explanations of dissent already registered, and the fact that it does not refer, at least in my reading, to any point to which the Prime Minister previously agreed?

I think it is rather important to find out where the Government of Canada stands and why we made such a fuss when Mrs. Thatcher merely continued a disagreement that was already registered in a public document. I would like him to take those matters into account.

● (1430)

Senator Murray: We shall do so, honourable senators. I think it is appropriate to make the point, however, that Canada was not alone in this respect.

Senator Guay: That does not make it right.

Senator Murray: I would thank Senator Guay for that observation, which will also be taken into account.

Honourable senators will have seen President Kaunda making much the same point as Prime Minister Mulroney made and Prime Minister Hawke of Australia speaking in the same terms. Prime Minister Mulroney's perception of the situation is obviously shared by other Commonwealth leaders.

However, I shall take the honourable senator's interpretation of events into account and do my best to obtain a report, as I say, even in advance of the Prime Minister's and Mr. Clark's return to the country.

Senator MacEachen: I have heard it said that other Commonwealth leaders agreed with the precise statement made by Prime Minister Mulroney. That may have happened, but I have not been able to find any expression by Prime Minister Hawke or the Prime Minister of New Zealand endorsing the allegations that Mrs. Thatcher agreed at five and repudiated at six; or that she had agreed on points and then dissented. I did not find anything of that nature. I think they disagreed with her on points of philosophy, on sanctions; but that is quite a different matter.

However, I leave that for the Leader of the Government to consider further.

May I now ask just two questions and then I will await the further comments of the Leader of the Government?

It is reported that Prime Minister Thatcher and Prime Minister Mulroney had arranged and had scheduled a private meeting at the Commonwealth Conference and that that meeting was scrapped. I want to know who scrapped it. Was it the British side or the Canadian side?

May I add a further comment? At the end of the conference Prime Minister Mulroney added to his earlier criticisms, the severe earlier criticisms of the Prime Minister of the United Kingdom, by saying—rather than trying to heal the open wounds he poured salt into them—that Mrs. Thatcher had breached a fundamental procedure of the Commonwealth. What is the fundamental procedure? Surely any leader is entitled to explain the policy adopted on behalf of his or her government afterwards, whether orally or in writing. That is what Mrs. Thatcher apparently did. I should like to know: What is the breach of fundamental procedure?

Of course, Prime Minister Mulroney said again that he had been blindsided. The last time he was blindsided was by the Premier of Quebec at a francophone summit. I think those words were not very helpful.

Senator Guay: He has been blindsided for a long time.

Senator MacEachen: Perhaps the Leader of the Government can tell us why Prime Minister Mulroney descended into such violent language on a point upon which he does not seem to have much ground to stand.

Senator Murray: The point, honourable senators, has to do with the continuation of the apartheid regime of South Africa and the abhorrence which Canada and most of the other Commonwealth countries hold for that regime and for the principle of apartheid.

The honourable senator, who clearly objects to our Prime Minister's expressing himself in anything but carefully couched diplomatic language, has to understand that these are matters about which the Prime Minister and, indeed, all of his colleagues, and I think most Canadians, feel very strongly.

Senator MacEachen: I think that the Leader of the Government has missed the point entirely. The point is not the condemnation of apartheid: the point is the allegation on the part of the Prime Minister of Canada that Mrs. Thatcher acted in bad faith.

Senator Olson: That's the point.

Senator MacEachen: That is the point. He is insinuating by his comment that the United Kingdom government somehow is soft on apartheid. I remind him that in the subsequent statement issued by Mrs. Thatcher she says:

> Britain is fully at one with the rest of the Commonwealth in utterly condemning apartheid and wishing to see its total eradication so that all the inhabitants of South Africa can live in dignity and play a full part in the political life of their country.

So why say now, to defend the Prime Minister, that somehow the battle is one over a like or dislike of apartheid? We all dislike it, including Mrs. Thatcher, according to those words. She has, of course, a different view about sanctions.

Senator Murray: Yes.

Senator MacEachen: And she expressed it, but that is not the point at debate.

Senator Olson: Well, she may be right.

Senator MacEachen: Everybody knew for years where she stood on sanctions.

Senator Murray: I am very glad Senator Olson has chimed in with his support for Mrs. Thatcher's—

Senator Olson: No, I did not.

Senator Murray: —antisanctions approach, and I gather that others in the Liberal Party are coming pretty close to it.

Hon. H.A. Olson: On a question of privilege, that is a complete misinterpretation and I hope that what the *Hansard* reporter has noted puts it correctly, rather than having this kind of garbage!

Some Hon. Senators: Order!

Senator Murray: The fact of the matter, honourable senators, is that Great Britain's opposition to sanctions and the fact that it has for some years excluded itself from the vast majority of Commonwealth nations on the question of sanctions against the apartheid regime in South Africa is a very considerable bone of contention within the Commonwealth. The honourable senator knows that perfectly well. Not surprisingly, it has also given rise to quite strong language on the part of some of the Commonwealth leaders, including, quite justifiably, I think, our own.

Senator MacEachen: Well, is the Leader of the Government now saying that the Prime Minister of Canada is justified in accusing the Prime Minister of the United Kingdom of bad faith by agreeing to something at five o'clock and disagreeing with it at six? Is that what he is defending? We are not debating apartheid: we are debating the relations between two countries, the United Kingdom and Canada, and how groundless are the accusations of the Prime Minister against the Prime Minister of the United Kingdom. If he had wanted to stand on solid ground, why did he not take her on on the question of sanctions and say, "Well, I disagree with you, Prime Minister Thatcher, and I debate you."? That is one thing.

Senator Murray: He did.

Senator MacEachen: He took another course and accused her of bad faith.

Senator Murray: He has been doing just what you suggest. He has made clear his opposition to the policy on sanctions as enunciated by the United Kingdom government.

What I will do, as a first step, because I hear words like "bad faith" apparently attributed to the Prime Minister by the Leader of the Opposition in the Senate, is obtain the transcripts or written documents or whatever is available as to the Prime Minister's position on this matter, and I will see what

further report I can obtain from him or from Mr. Clark and convey it at the earliest possible time to the Senate.

● (1440)

GOODS AND SERVICES TAX

NEGATIVE IMPACT—IDENTIFICATION OF "TENTH" PROVINCE—CONFLICT BETWEEN FEDERAL AND PROVINCIAL STUDIES ON IMPACT

Hon. H.A. Olson: I should like to address a question to the Minister of State for Federal-Provincial Relations. I gave notice of this question to the deputy leader yesterday. It has to do with a study that apparently was done by the Minister of Finance, Mr. Wilson, and one that was done by the Alberta provincial treasurer, Mr. Dick Johnston. The conclusion of Mr. Wilson's study indicates, and I quote from the *Globe and Mail* of October 21, 1989:

> Federal Finance Minister Michael Wilson said Wednesday that the GST would have a "neutral to positive" effect on nine of the provinces. The 10th province, which he would not identify, would suffer "slightly on the negative side."

I wonder if the leader could tell us which one of the provinces it is that is going to suffer.

Senator Flynn: What is your guess?

Senator Olson: You want me to guess! I would like to hear that from the government.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is not clear to me from hearing my friend's question in what context he is discussing a neutral to positive effect. A neutral to positive effect on what? On revenues?

Senator Olson: On the economy.

Senator Murray: My clear impression from documents that have already been tabled by the Minister of Finance is that there would be a gain of some 2.5 per cent in the gross domestic product of the prairie provinces taken together. I believe, although I would have to confirm this, that the studies show that the gain in GDP in Alberta, the province the honourable senator comes from, would be even higher than 2.5 per cent. Certainly, the GDP gain on the Prairies as a whole at 2.5 per cent would be higher than the national average, which would be 1.75 per cent, if my memory does not fail me.

The honourable senator has mentioned the study done by Alberta. In yesterday's Question Period the statements he attributed to Mr. Johnston, the provincial treasurer, were about an alleged loss of employment in that province. I have no way of commenting on that beyond what I have just quoted from the Department of Finance study. Mr. Johnston has indicated that Alberta will not table its study until the first ministers' conference. So, until they have done so, it will not be possible for us to analyze it.

Senator Olson: I thank the leader for that information. There were some useful facts in it. However, he did not get around to dealing with the question at all. The question in its simplest terms was: Which of the ten provinces is going to suffer under the new tax? He says that Alberta's GDP is going to go up. If you believe that, it must be some other province that is going to lose. My question is: Which one?

Senator Murray: Honourable senators, I am not entirely sure that the context in which the honourable senator or the minister were discussing this was one of increase in gross domestic product or economic growth. It may have been government revenues; it may have been something else. I think the statement needs to be clarified.

Senator Olson: If I may say so, honourable senators, Mr. Johnston had the speech, knew where it was given, and had it looked at carefully. The headline in the *Calgary Herald* says, "Tax Threatens 60,000 Jobs." That is fairly important. I can read all of the article if you wish, but I think the one paragraph that is rather important is the following:

> Ottawa has refused to reveal information on the impact of the tax between 1991-96, Johnston told a business group Thursday, "because . . . they know full well that the impact on everybody's economy in that first five-year period is going to be extremely negative.
>
> They don't want to talk about it."

Honourable senators, that is Mr. Johnston's view. It is his business to protect the interests of Alberta. I am sure the leader would agree with that. After all, there is a Conservative government in Alberta.

Does the Leader of the Government not think that the people of Alberta have the right to know what the projections are? The people of Alberta need to know about those projections, because there is a great deal of evidence to indicate that Alberta is going to be the province that will suffer. Mr. Johnston is far more specific in what he believes are going to be the consequences—that is, the loss of approximately 20,000 jobs a year for three years. He also expects that provincial revenues will be adversely affected to the tune of some $20 million or $30 million in each one of those three years.

I plead with the minister to give us some information. It is the government's business to conduct studies on major changes in federal government policy that will have an adverse effect on parts of the country. Surely the leader wants to be fair to the people of Alberta and tell them what the consequences are.

Senator Murray: Honourable senators, the statements that I made a moment ago about the economic growth projections under the GST are contained in a study published by the Department of Finance. I have seen that study and I will try to obtain a copy of it and send it to the honourable senator. These studies are available to him.

Senator Olson: I have never seen a study that identified Alberta as a loser. If the leader has one, let me see it.

Senator Murray: The honourable senator is demanding an analysis of the study. What he should do is make the same plea to the Provincial Treasurer of Alberta. It is the Provincial Treasurer of Alberta who has made the statements but

declines to table his study until the first ministers' conference. When that has been done, we will have an opportunity to analyze it, and presumably to argue about it, but, until the study is tabled and the honourable senator has had an opportunity to get his mind around it, I think it is very imprudent and rash of him to lend himself to the conclusion that has been put forward by the minister or anybody else.

Senator Olson: Honourable senators, I have to try again. It is sometimes like pulling teeth to get information out of this government. I do not know whether the minister denied that the Minister of Finance said what is quoted in this article. I will read it again:

> Federal Finance Minister Michael Wilson said Wednesday that the GST would have a "neutral to positive" effect on nine of the provinces. The 10th province, which he would not identify, would suffer "slightly on the negative side."

There is more. Do you want me to read all of it? This is not based on a study that Mr. Johnston had done; this has been volunteered by the federal Minister of Finance, apparently on the basis of some study that he had done or the department had done. What study is it we are talking about?

I do not have any particular expertise on this subject, but I do read a few things that come through my office, and I have never seen a study by the Department of Finance that identified Alberta as the province that is going to suffer. That is what Mr. Johnston says.

A little logic and a little bit of deduction ought to be able to get into the minds of some of those opposite. It is not that hard to understand. We want to know which study and what factors in the study led to that conclusion. Does the minister not believe that those good Canadians in Alberta have a right to know these things?

● (1450)

Senator Murray: Honourable senators, the short answer is yes, and I have already—

Senator Olson: Well, help us then.

Senator Murray: I implore the honourable senator to avail himself of the funds that are available to honourable senators to obtain research assistance so that he can keep his records straight on those matters. Meanwhile, I, free of charge, will send him a copy of the studies that have been published by the Department of Finance on this matter.

Senator Olson: Do these studies identify Alberta as the one out of ten provinces that is going to lose?

Senator Murray: Honourable senators, my friend has quoted something from Minister Wilson. I am still not certain from hearing the quotation whether Mr. Wilson was dealing with economic growth, provincial revenues or what it was. I will ask my colleague, Mr. Wilson, for a clarification.

Senator Olson: Thank you very much. Honourable senators, if the minister had said that in the first place we could have gone along a lot more quickly.

Senator Flynn: I doubt it very much.

Senator Olson: I have a few more questions, but I will pass for now.

THE CONSTITUTION

MEECH LAKE ACCORD—POSSIBILITY OF RENEGOTIATION OR NEGOTIATION OF PARALLEL AGREEMENTS—GOVERNMENT POSITION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, in the past week we have experienced some important political developments in the life of Meech Lake, in particular the reports from the committees in Manitoba and New Brunswick. Those developments have led to some speculation that the position of the government has changed with regard to the possibility of renegotiating the Meech Lake Accord or negotiating parallel agreements. I need not detail all of these things to the Leader of the Government in the Senate, who, of course, is probably the politician most intimately connected with the whole Meech Lake process.

I should like to ask him if he can tell us whether there is any reason to expect that there will be a change in the government's attitude on that question, or, to use his metaphor, whether the seamless web may be opened for restitching—or whatever the proper continuation of the metaphor would be. At any rate, I believe he knows what I mean.

Senator Flynn: I know what you mean.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I said yesterday, New Brunswick and Manitoba—

Senator Guay: That is a good place to be.

Senator Flynn: Go home!

Senator Murray: —have put forward a number of suggestions. I am sure that the first ministers, at their meeting in November, will listen with respect to these proposals. We in the federal government believe in the Meech Lake Accord: it represents our vision of Canada; it represents our concept of Canadian federalism and how it should work; and we know that it has the support of more provinces in the federation than any alternative that has been presented. We shall have to see what the two holdout provinces, if I may call them that, have to suggest at the November meeting, but I emphasize that the Meech Lake Accord does not belong to the federal government or to the provincial government in Quebec. It is an agreement that was signed by 11 first ministers in 1987.

Senator Frith: I have listened carefully but I am not sure whether the corollary to what the Leader of the Government has said is that the position of the government is the same or has changed. I am not at this point criticizing the position of the federal government; I am just trying to understand what it is. Up to now I had understood that the federal government was inflexible on the question of reopening the accord; that is, reopening the negotiation or starting any other negotiations on that subject. Do I understand, then, since the first ministers and probably the Prime Minister and the Leader of the Government in the Senate will be listening to these proposals,

that the government is at least open to the possibility of some renegotiation?

Senator Murray: Honourable senators, it is a very pragmatic matter so far as the federal government is concerned. Frankly, we believe that the chances are virtually nil that it would be possible to reopen, renegotiate and reconstruct the unanimity that was there in 1987—for all kinds of reasons, only one of which is that attempts to open it for one matter, as Premier Peterson has said, would inevitably lead to numerous other matters being put on the table. So it is a pragmatic matter; it is not a matter of inflexibility on the part of the federal government. It is a practical reading of the situation.

With respect to such matters as parallel accords and political agreements, my position has always been, and I have expressed it on behalf of the government on numerous occasions, that, short of trying to renegotiate Meech Lake, which I believe would kill it, anything at the political level is possible. It is open to any province to get the ball rolling by introducing a resolution to amend the Constitution, and it is open to that province to get several other provinces on board to support such an initiative. Perhaps that would provide one possible route out of the impasse the country is now in. I am sure there are other approaches and I am sure they will all be explored at the first ministers' meeting in November and in the weeks and months that follow, when I expect discussions will be held at the official and ministerial levels.

Senator Frith: The Leader of the Government has pointed out that our constitutional amending formula permits the initiation of the amending process by any of the partners to the process, including the provinces, the House of Commons and, of course, the Senate. Has the Leader of the Government in the Senate considered the possibility of a renegotiation that would not require unanimity, except where required by the provisions of the 1982 formula? Has he considered the possibility of launching a different process from the executive process that launched the present procedures, such as a resolution in the Senate or in the House of Commons—

Senator Flynn: That is being done.

Senator Frith: —before any meeting is necessarily signed at the executive level by the provincial premiers and the Prime Minister?

Senator Murray: Honourable senators, with regard to the last part of the question, first, I have not considered that suggestion. The so-called "executive process" is one that was bequeathed to us by our predecessor government in 1982, and it is the process we followed in Meech Lake.

Senator Frith: You could have renounced it, you know. Bequests do not have to be accepted.

Senator Murray: It is the process we followed in the negotation of Meech Lake.

With regard to the first part of the question, I think we have been over this ground before. We are in a mode with Meech Lake where we need unanimity, for reasons that the honourable senator understands. There is a package going forward and, while it is true that some of the amendments require the agreement of seven provinces with 50 per cent of the population, others require unanimity. As a practical matter, keeping the package together requires that the eleven partners be in agreement.

• (1500)

Senator Frith: Mr. Robertson, notwithstanding.

Senator Murray: I had not considered, in any case, the federal government's taking some unilateral initiative on this matter in one of our own houses of Parliament. I do not think that this offers a very promising avenue to a solution.

Senator Frith: Then you do not think the provinces launching it would be very promising, either.

THE SENATE

ELECTION IN ALBERTA TO FILL VACANCY—CONTENTS OF LETTER TO PRIME MINISTER—PRIME MINISTER'S KNOWLEDGE OF CONTENTS

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate, referring back to questions and answers that we discussed last week on the selection of Mr. Stanley Waters as the Alberta candidate for appointment to the Senate. Since those exchanges in the Senate took place I understand that the Premier of Alberta has sent in his recommendation to the Prime Minister. Can the Leader of the Government indicate whether he is aware of the contents of that letter? Do they conform with the provisions for a list under the Meech Lake Accord?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I understand the situation, the act that the Alberta legislature passed requires that the premier submit one name, whereas the Meech Lake Accord requires that the premier submit more than one name. It is not clear to me, I must say, from a quick reading of the premier's letter whether, indeed, he is putting forward several names for consideration by the Prime Minister. My friend can draw her own conclusion on that matter after the letter is released, as I suspect it will be before too long.

Senator Fairbairn: Do I understand from the Leader of the Government that there are names in this letter?

Senator Olson: Plural?

Senator Murray: Honourable senators, it is not clear to me whether the names, plural, are being presented to the Prime Minister for consideration. As I say, to say more would be to reveal the contents of the letter, which is something I think Alberta will have to do shortly. But my friend can draw her own conclusions after she reads the letter.

Senator Fairbairn: On another point, honourable senators, could the government leader indicate whether the Prime Minister has been made aware of the contents of the Premier of Alberta's letter?

Senator Murray: Honourable senators, I expect he has been made aware, but I would not expect that he would be making any reply until after his return to the country and after he has had an opportunity to consider it.

Senator Fairbairn: That is, I presume, the beginning of next week.

THE CONSTITUTION

MEECH LAKE ACCORD—EXTENSION OF DEADLINE—AGENDA ITEM AT NOVEMBER FIRST MINISTERS' CONFERENCE

Hon. Louis-J. Robichaud: Honourable senators, I am not going to discuss the pros and cons of the Meech Lake Accord, but one element in all of this debate bothers me, and it is the same as that element which bothered me about the Free Trade Agreement: the deadline. The ten premiers and the Prime Minister, in 1987, set a deadline for the Meech Lake Accord of June 1990. The ten premiers and the Prime Minister are to meet again in November.

Parliament can make laws and change them. The ten premiers and the Prime Minister set a deadline in 1987. Why could they not amend that deadline in such a way that Meech Lake would perhaps have a chance to survive rather than die? In other words, can that item not be put on the agenda of the first ministers' conference in November?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the three-year deadline was not a matter of choice at the first ministers' meeting at Meech Lake. That deadline is provided for in the amending formula that was agreed to and proclaimed in 1982. To change that would require an amendment to the Constitution, which, in the case of the amending formula, would require unanimous consent.

Hon. H.A. Olson: That means that Gordon Robertson is wrong, then, does it? Say it: Gordon Robertson's comment is wrong!

Senator Murray: Honourable senators, I do not think that Gordon Robertson would disagree that it is the amending formula that has set the deadline of three years. Opinions differ on whether we are governed by that three-year deadline in the package of amendments agreed to at Meech Lake. We think the better legal opinion is that we are.

Senator Robichaud: The extension of the deadline would require unanimous consent. I agree with that, honourable senators, but unanimous consent of what body?

Senator Murray: Unanimous consent of the two houses of the Parliament of Canada and the ten provinces would be required in order to change the amending formula, and that is what is involved in the suggestion made by my honourable friend.

Hon. Charles McElman: You said "provinces". Do you mean provinces or legislatures?

Senator Murray: I mean provincial legislatures.

THE SENATE

ELECTION IN ALBERTA TO FILL VACANCY—CONSTITUTIONALITY OF PROVISION OF ALBERTA ACT

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question arising out of one of the answers given by the Leader of the Government in connection with the election in Alberta. Is the government leader suggesting that the act establishing that election, because it only suggested or proposed one name, is in itself unconstitutional in accordance with the formula under Meech Lake?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): That was not my statement, honourable senators. My statement was a simple observation that the act requires the premier to submit one name, whereas the Meech Lake Accord requires that he submit several.

Senator Grafstein: Has the Leader of the Government in the Senate considered seeking the advice of his law officers with respect to the constitutionality of that particular act?

Senator Murray: Not on the point raised by my honourable friend.

Senator Grafstein: Would he consider doing that?

Senator Murray: I will think it over, honourable senators.

POLAND AND HUNGARY

ECONOMIC ASSISTANCE—APPOINTMENT OF COORDINATOR—EXTENSION OF CREDIT

Hon. Stanley Haidasz: Honourable senators, I should like to preface my question to the Leader of the Government in the Senate by drawing to his attention the erudite remarks made in a speech yesterday in this chamber by our colleague, Senator Roblin, when he was giving an account of the proceedings of the Economic Committee of the NATO parliamentarians in Rome on October 11. I should now like to draw to the attention of the government leader the October 12 press release from the Office of the Prime Minister quoting remarks of his apparently delivered to American businessmen in Los Angeles, 2,500 miles from the nation's capital. The release reads in part: "Canadian economic assistance to Poland and Hungary." It goes on to say that the Prime Minister stated that the "West must act now," and that "continued deterioration of the Polish economy could jeopardize recent progress towards democratic government." Further on in the announcement we read that a coordinator for economic assistance to Poland and Hungary will be appointed by the government shortly.

● (1510)

Now that 13 days have passed since that announcement, I should like to ask the Leader of the Government in the Senate whether the coordinator has been named. If so, what is his name? Has he started working on this aid package yet?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall have to make inquiries on that matter.

Senator Haidasz: Honourable senators, I also wish to draw to the attention of the Leader of the Government in the Senate that on page 2 of the communiqué it stated that there will be a $20 million revolving short-term credit insurance or guarantee facility, contingent upon an agreement on an IMF program.

Since October 12 I have learned that some Canadian businessmen have received information from Canadian authorities that "short-term" means six months and that the "contingency" is based upon an agreement on an IMF program, which is a bureaucratic body of the United Nations that acts slowly and in a complicated manner. These businessmen in Canada say that this short-term credit of contingency on IMF will actually block the efforts of Canadian businessmen to take advantage of this $20 million revolving credit insurance which Canada is offering.

Will the Leader of the Government in the Senate make representations to his cabinet colleagues to have this short-term credit extended to long-term credit, at least for a period of one year, in order to give Canadian businessmen time to get to Poland, to find out what opportunities and needs exist there? Hopefully, by then, the IMF program will be in place.

Senator Murray: Honourable senators, I shall see that my cabinet colleagues are made aware of the representations that have just been made by my honourable friend.

Honourable senators, I must apologize, but I will ask the Deputy Leader of the Government to take further questions today as notice. I am late for a meeting which I am supposed to preside over and to which I have convened a number of other people who will be waiting for me. I must leave now.

AGRICULTURE

FEEDER/SLAUGHTER PROGRAM—LATE SUPPORT PAYMENTS

Hon. H.A. Olson: Honourable senators, I have a question that I should like to ask the Deputy Leader of the Government in the Senate. I hope that he will accept it in the spirit in which it is offered.

What I hold in my hand is a pamphlet entitled "National Tripartite Stabilization—Feeder/Slaughter". It is under the Centralized Program Support Red Meat Stabilization Authority in Edmonton. This is published by Agriculture Canada and the Alberta Department of Agriculture.

My problem with all of this is that this pamphlet was sent out to announce program changes. The publication is 1989 06 4M. The change that I am concerned about states:

> Reporting remains QUARTERLY; cheques will be issued QUARTERLY in payout quarters.

They will also do some other things, such as calculations based on monthly support levels.

The problem is that for the third quarter of 1988 cheques were received on February 29, 1989, or perhaps five months after the close out—in other words, one quarter plus two months. As of October 13, 1989, no cheques have been received by these producers for the second quarter of 1989.

Could the deputy leader seek information from the Minister of Agriculture respecting this to find out why these cheques are now received about three to four months later than when they were paying out on the program before 1988?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I shall make inquiries on behalf of the honourable gentleman and try to get the information as soon as possible.

VIA RAIL

SERVICE—NATURE OF CHANGES—REQUEST FOR CLARIFICATION

Hon. Azellus Denis: Honourable senators, I have a question for the Deputy Leader of the Government in the Senate. I received an answer concerning some information that we should have had in the statement given by the minister concerning the changes in VIA Rail. I wish to thank the government for those details. They are the only details that we have, other than the statement.

The minister stated that in January 1990 an itinerary would be instituted, but the changes that are to be made to the existing service are not mentioned in the statement. The department must be able to make a list which states that there will be "X" number of trips. Surely that itinerary is in existence now. Nevertheless, this statement does not give the actual number of trips at the present time, nor does it give any information about the number of trips after 1990. For example, it talks about "huit dessertes de localités isolées." There is a list of eight of them, but as to the changes in those trips there is no indication.

Why is that not included in the statement? Is it because the government was so nice that it gave us eight isolated areas? When I received the reply it included the identical number of trips that I was aware of previously.

Also, some services have been cancelled.

Can you find any information in this statement of the government? There is none. The information may be included in one or two dozen papers, in what is called the "info-kit", but the most important information for the people of Canada is the statement of the minister. That statement shows nothing. It does not show that there are 21 cancellations. That is something that is important to know about. But from this statement no one knows anything. From this statement one is inclined to say, "See what a good government we have? There are eight new isolated areas!" But this statement does not indicate whether or not those routes existed before there were cuts, or that 19 routes were cancelled.

I should like to ask the Deputy Leader of the Government to inquire as to whether or not this statement is misleading information. It looks as if this is a gift from the government when in reality this is a big cut in service. I should like him to find out if this is misleading information.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I will try to get the information for Senator Denis.

CUTBACKS IN SERVICE AND LAYOFFS—HALIFAX MAINTENANCE FACILITY

Hon. Charles McElman: Honourable senators, I should like as well to put a question to the Deputy Leader of the Government in the Senate. This has to do with the information given earlier with respect to the cutbacks in VIA Rail.

The answers given to questions of mine are reported at pages 589 and 590 of *Senate Debates* dated October 18, 1989. I might comment that there is confirmation that the Maritimes have suffered disproportionately under this change, because the figure of 442 layoffs out of 700 employees represents 63 per cent, whereas the figure for the whole of the nation is 37 per cent. This confirms the concern that we had.

● (1520)

However, there was some confusion with respect to the maintenance facilities in Halifax. Mr. Lawless, the president of CN and VIA, had said that the maintenance facilities in Halifax would close, with the loss of 190 jobs. Later that same day Mr. Lawless changed that statement, saying that, while the network contemplates job losses at the maintenance centre, the facility itself will remain open with a reduced level of activity.

My further confusion on the matter arises from the figures given for job losses in Atlantic Canada. Under the heading of "Halifax" appears the figure 154. What I would like to know is how many jobs will be lost at the Halifax maintenance facility; secondly, are those lost jobs included in that figure of 154 at Halifax, or will they be in addition to that number? I would appreciate it if that information could be provided.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I will make every effort to obtain the clarification Senator McElman is asking for. I have a delayed answer for Senator McElman relating to a question he asked previously with respect to VIA Rail, but it does not deal with that specific point.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have some delayed answers to questions.

AGRICULTURE

GRAINS—CANADA-UNITED STATES POLICY CONSULTATIONS—REMOVAL OF INTEREST-FREE CASH ADVANCES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 3 last by the Honourable Senator Argue respecting Agriculture—Grains—Canada-United States Policy Consultations—Removal of Interest-Free Cash Advances.

(*The answer follows:*)

Part 1 of this question was tabled on October 17, 1989.

2. The Minister of Agriculture has met and continues to meet with the U.S. Secretary of Agriculture at regular intervals to discuss the world agricultural trading system and specific agricultural policy issues. The Canadian government has raised and will continue to raise concerns that it has with U.S. policy. The Export Enhancement Program (EEP) is one program that the Minister has frequently brought to the attention of the U.S. Administration, especially its negative effects on world markets and Canadian returns from the export market. The Prime Minister has also raised the issue of EEP with the U.S. President, as have Mr. Crosbie and the Canadian Embassy in Washington with their U.S. counterparts on several occasions.

The U.S. EEP is not the only measure used by Canada's export competitors that depresses world prices. The EC's use of export restitutions does the same thing. The U.S. has maintained that it would only discuss changes to EEP in the context of the current Uruguay Round of Multilateral Trade Negotiations. Canada has argued that the MTN is the most appropriate forum for all countries to reach agreement on reducing trade-distorting support and protection measures and is vigorously pursuing this objective in the current Uruguay Round.

3. Changes to the Prairie Grain Advance Payments were announced as part of the April 1989 Federal Budget. The decision to no longer provide interest on advances was made as part of the domestic budgetary process and was not the result of any external pressure including discussions in the GATT Multilateral Trade Negotiations.

The U.S. program for farm stored grain is basically unsubsidized with farmers charged an interest rate which is the same as the borrowing costs of the Commodity Credit Corporation. Proposed changes to the Canadian program would result in Canadian farmers paying a similar government guaranteed rate of interest. However, other elements of the U.S. program may be non-commercial or trade distorting. As the GATT Multilateral Trade Negotiations are looking at removing all trade-distorting support to agriculture, the U.S. farm stored grain program could be considered in this context.

DRUG TRAFFICKING

PROVISION OF FUNDS TO RCMP TO COMBAT PROBLEM

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 18 last by the Honourable Senator Bonnell respecting Drug Trafficking—Provision of Funds to RCMP to Combat Problem.

(*The answer follows:*)

The Royal Canadian Mounted Police and the Solicitor General are strongly committed to the fight against drug abuse and trafficking.

This issue has been fully discussed with the Acting Commissioner of the RCMP who has assured the Solicitor General that, in fact, the RCMP's expenditures on drug enforcement have increased significantly over the past three years, from $49 million to $59 million.

RCMP Expenditures in Drug Enforcement*
(Actual expenditures)

Year	Amount
86/87	$49,251,000
87/88	$54,538,000
88/89	$59,007,000

* Figures for 1987/88 and 1988/89 include money allocated for the National Drug Strategy ($3.1 million in 1987/88; $4.5 million in 1988/89).

For 1989/90, the RCMP's gross expenditures are set at $1.5 billion. Drug enforcement will be allocated an appropriate share of the RCMP budget in order to provide the same level of service as in 1988/89.

AIR DISASTER

FATAL CRASH OF UNITED STATES MILITARY AIRCRAFT NEAR FOUR FALLS, NEW BRUNSWICK—PARTICIPATION OF CANADIAN OFFICIALS IN INVESTIGATION—REQUEST FOR STUDY OF FLIGHT PATHS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4 last by the Honourable Senator Corbin respecting Air Disaster—Fatal Crash of United States Military Aircraft near Four Falls, New Brunswick—Participation of Canadian Officials in Investigation—Request for Study of Flight Paths.

(*The answer follows:*)

1. Under a standing NATO agreement, it is the Strategic Air Command (SAC) of the United States which is responsible for conducting the investigation into this crash. Based on this agreement Canada has sent an investigator to assist USAF officials with their Board of Enquiry. Canadian officials have been involved in the investigation from the time of the crash. Immediately after the crash, the RCMP, who were first on the scene, solicited the aid of 30 soldiers from Gagetown to cordon off the area. Gagetown's Base Flight Safety Officer and an Information Officer also aided in this endeavour.

2. The allied military aircraft which fly over Canadian territory are considered to be fully "air-worthy" by the Canadian Government. These aircraft meet stringent maintenance, inspection and up-keep standards which are comparable with those set by the Canadian Forces. Allied planes not meeting these standards would not be permitted to use Canadian flight paths.

● (1530)

THE ENVIRONMENT

OIL SPILLS IN CANADIAN WATERS—UPGRADING OF TRAFFIC MANAGEMENT EQUIPMENT AND CAPACITY TO DEAL WITH OIL SPILLS—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 3 last by the Honourable Senator Kenny respecting The Environment—Oil Spills in Canadian Waters—Upgrading of Traffic Management Equipment and Capacity to Deal with Oil Spills—Government Action.

(*The answer follows:*)

1. The Interim Report provides a good summary of the panel's work to date, issues under consideration, and areas of future endeavour.

2. The recommendations for immediate action have been referred to staff for review of the impact and what action would be required to implement, (including approximate cost). This review will be submitted to Ministers for their consideration.

3. While awaiting completion of the panel's work and the submission of their final report and final recommendations, the federal government, through the Interdepartmental group, will continue a detailed analysis of needed system improvements, notably legislative and regulatory changes.

VIA RAIL

SUPPLEMENTING OF AMTRAK SERVICE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 4 last by the Honourable Senator McElman respecting VIA Rail—Supplementing of Amtrak Service.

(*The answer follows:*)

All VIA services have not been removed in Atlantic Canada, as suggested by the honourable senator. Services in Atlantic Canada have been reduced, as with the services in Central and Western Canada.

The 60 per cent reduction in services to the two routes servicing Sarnia and Niagara Falls from Toronto, which are also serviced by Amtrak, is part of VIA Rail's plan to meet fiscal constraints previously established by the federal government.

SPEAKER'S STATEMENT

The Hon. the Speaker: Honourable senators, on October 3 the Honourable Senator Nurgitz, in his capacity as Acting Deputy Government Leader in the Senate, asked leave of the Senate to table a reply to a written order paper question standing in the name of Senator Marshall.

Senator Nurgitz indicated that he was making the request in view of the length of the response and because the information was only of particular interest to Senator Marshall.

I should indicate at this point that rule 20A.(2) of the *Rules of the Senate* stipulates that such a reply "shall be printed in the *Debates of the Senate* of the day on which it is given."

Senator Frith agreed with the request and suggested that an opinion be prepared by the Table, and communicated to the Senate by the Speaker, to establish a precedent which the Senate may want to follow in the future.

Senator McElman supported Senator Nurgitz's request, and stated:

> I think it is quite appropriate that the government at this stage should ask that it be converted from a question to a request for the tabling of documents. On the face of it, the question that has been put falls within the latter category.

Senator Murray noted that there are other questions on the order paper which cannot be answered without quite voluminous documentation.

I believe there is agreement that lengthy replies to order paper questions should not be printed in the *Debates* but should, instead, be tabled. As you are aware, copies of documents tabled in the Senate are available to all senators and the general public.

This procedure will require an amendment to rule 20A.(2), so I recommend that the matter be referred to the Standing Committee on Standing Rules and Orders for consideration and report.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I ask leave of the Senate to proceed first with Order No. 5, because of the relationship between the report of the Standing Senate Committee on National Finance on the Estimates, 1989-90 and the appropriation bill, C-42, which is standing as Order No. 1 on the order paper.

There is a tradition in this place that we try to deal with a Senate committee report before we deal with the legislation with which that report is concerned.

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

Hon. Senators: Agreed.

THE ESTIMATES, 1989-90

INTERIM REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

Leave having been given to proceed to Order No. 5:

> Resuming the debate on the motion of the Honourable Senator Leblanc (*Saurel*), seconded by the Honourable Senator Guay, P.C., for the adoption of the Seventh Report of the Standing Senate Committee on National Finance (Estimates 1989-90—Interim Report), presented in the Senate on 17th October, 1989.—(*Honourable Senator Flynn, P.C.*)

[*Translation*]

Honourable Jacques Flynn: Honourable senators, it seems that the reason Senator Doody asked us to consider this report by the National Finance Committee before resuming debate on second reading of the bill dealing with the Main Estimates was the position taken yesterday by Senator Frith, who in concluding his comments on Appropriation Act No. 3, 1989-90, said the following, and I quote:

> I should add that for that reason we will be adjourning the debate, and we intend to complete second reading debate only after we have completed consideration of the report of the National Finance Committee.

I have nothing against this principle, except that in this particular case, the committee's report contains no conclusions connected with the supply bill. The only comment we find in this interim report is:

> This interim report is being tabled in anticipation of the supply bill that will grant authority to the government to spend the remaining amount it requested in the Main Estimates.

Subsequently, we find a number of comments under the heading: *Statutory Expenditures and Financial Legislation.* The conclusions of the report are that the committee has started a review of various questions concerning the royal recommendation, the nature of a bill appropriating public revenue and the powers of the Senate in this connection.

The conclusions are simply that the National Finance Committee has started a review of these questions and intends to pursue that review. This means the report has no connection with Bill C-42 now before the Senate. I therefore fail to see the relevance of Senator Frith's request that we consider the supply bill only after completing consideration of the committee's report.

I am sure you will recall that last week I spoke because I felt that the report's conclusions had no connection with the committee's specific or general mandate.

The general mandate of the Committee on National Finance is defined in rule 67.(1)(*i*) which says that to this committee shall be referred:

> —bills, messages, petitions, inquiries, papers and other matters relating to federal estimates generally, including:
>
> (i) national accounts and the report of the Auditor General;
>
> (ii) government finance.

The specific mandate was to consider the Main Estimates for the current year ending March 31, 1990. However, on this occasion the committee decided to look into matters that, as

far as I can see, were not at all related to either its specific or general mandate.

The royal recommendation and the Senate's powers with respect to bills appropriating public revenue are constitutional issues that should normally be referred to the Legal and Constitutional Affairs Committee.

I don't want to make things difficult for anyone, but I think it is indeed strange we should be so meticulous about asking leave of the Senate when a committee wishes to sit at the same time as the Senate, while we do not ask leave of the Senate when a committee wants to consider such an important question—although as far as I can see, the problem was resolved long ago—and that we assume we can proceed without obtaining the Senate's permission.

To me it is clear these issues have no connection with the Main Estimates submitted to the National Finance Committee.

What bothers me is that the report's conclusions seem to be asking implicitly for the Senate's authorization to continue this review. I don't think that is the right way to proceed. If they want permission, let them ask for it, and the Senate will then decide if it would rather have the appropriate committee entrusted with this task, in accordance with our rules, and I am referring to the Legal and Constitutional Affairs Committee.

I took the trouble to go before the National Finance Committee last week when Mr. Joseph Maingot was being questioned. I asked Mr. Maingot: Is a supply bill always a bill appropriating public revenue? Obviously, he answered: yes.

I also asked him whether in a case like that, the royal recommendation was mandatory. He answered: yes. This means the issue being reviewed by the committee has no connection at all with this kind of bill and certainly not with the Main Estimates referred to the committee.

So I said to the committee chairman: Why are you doing this review? He said he would answer that during the debate on the report in the Senate. Unfortunately, he is not here this week. Perhaps one of the committee members, and I am thinking of Senator Stewart (Antigonish-Guysborough), would explain why the committee appropriated this mandate. What connection does he see with the committee's specific mandate and what connection, if any, with the committee's general mandate?

I don't want to make a big thing out of all this. However, I know that if this were another committee or if the circumstances were different, the committee would not be allowed to proceed without obtaining the specific authorization of the Senate to proceed with the review in question.

In any case, I don't think this committee should be considering the matter. I think it is a matter for the Legal and Constitutional Affairs Committee. That is why I am making these objections.

If we really want to let Senators Stewart (Antigonish-Guysborough) and Leblanc (Saurel) mess around with this business, well, let them. However, I think that by tolerating this intrusion of a committee in an area for which it has not received a mandate and which is none of its business, the Senate is not proceeding as it should.

[*English*]

Hon. John B. Stewart: Honourable senators, what Senator Flynn has said is correct. Senator Leblanc suggested at that committee meeting that the point Senator Flynn had raised ought to be raised in the Senate. Unfortunately, Senator Leblanc could not be here today. I am volunteering to present the argument I think he would make if he were here. I am sure that if he were here he would do it much more eloquently and persuasively. I ask that you forgive me for my shortcomings.

Senator Flynn has questioned the propriety of the committee's asking questions concerning royal recommendations. He has suggested that this inquiry is outside the terms of reference given to the Standing Senate Committee on National Finance. During the course of its hearings the committee had before it the Estimates for the current fiscal year. I am sure that every honourable senator knows that estimates of expenditures fall into two main baskets. On the one hand, there are certain amounts set forth in the Estimates that are voted in the other place in what used to be the Committee of Supply. Those votes, if carried there, are set forth in an appropriation bill. There is no question or argument that the estimates of the amounts to be voted must be preceded by a royal recommendation, which is presented in a very formal way.

If honourable senators will look at the Estimates for the present year they will see that this first basket contains only 33 per cent of the total estimated amount to be expended by the Government of Canada in 1988-89. They will see that fully 67 per cent comes in the other basket. What is that other basket? The Estimates set forth the estimated amounts to be expended pursuant to acts of Parliament enacted previously. As honourable senators know, the Constitution Act, 1867 requires that, where any part of the public revenue, or of a tax or impost, is to be appropriated, the bill, vote, resolution or address that has the effect of appropriating the money must come to Parliament, in the House of Commons, accompanied by a royal recommendation. It is the fact that the bigger basket in the Estimates contains expenditures based on statutes which were preceded by royal recommendations that brought the importance of royal recommendations to the attention of the committee.

● (1540)

Moreover, questions have been raised, honourable senators, as to the right of the Senate to amend bills introduced by the House of Commons with a royal recommendation. Senator Leblanc, speaking here on October 18, drew attention to the uncertainty as to that right of the Senate when, at page 597, he said:

> I know of at least two bills in the last Parliament, Bills C-103 and C-148, which contained this royal recommendation but which, to my mind, did not appropriate money. I also know of a third bill . . .

Senator Flynn: With due respect, that is not relevant at all.

Senator Stewart: I listened patiently to Senator Flynn.

Senator Flynn: I am trying to help you.

Senator Stewart: I told senators that I could not be as precise on this matter as Senator Leblanc could be. If Senator Flynn is not prepared to cooperate with me, I do not know what I can do.

Let me continue the quotation from Senator Leblanc. He went on to say:

> I also know of a third bill, Bill C-147, that had this recommendation; but that bill was amended by the Senate and accepted by the House.

There has been some uncertainty and disagreement. Let us not revive particular controversies as to what the implication for the Senate is of a royal recommendation.

As it happens, the bills over which those controversies arose were bills which were sent to the Standing Senate Committee on National Finance by the Senate. Therefore, it is understandable that this question, which concerns the work of the Senate, was one which attracted the attention of the members of that committee—questions such as Senator Flynn has mentioned: Who decides that a bill requires a royal recommendation? And on the basis of what criteria is that decision made? One has only to read the evidence given by Mr. Joseph Maingot, to which Senator Flynn referred, when he appeared before the committee last Thursday, to see that apparently the decision is made, at least initially, not by someone in the government but by the Law Clerk of the House of Commons.

Senator Flynn: So what?

Senator Stewart: Then we discovered that the criteria on which that decision is made are shifting. If we read one edition of *Beauchesne's* we get one view; if we read another we get another view. Yet, by implication, that decision as to whether or not there is to be a royal recommendation affects the work of the Senate.

Are bills that are introduced in the other place with a royal recommendation immune to amendment in the Senate? Are they immune to division in the Senate?

Senator Flynn: That is not the point.

Senator Stewart: These are important questions.

Senator Flynn: I know, but that is not the point. I am speaking of the terms of reference of the committee.

Senator Stewart: I have explained that 67 per cent of the Estimates referred by this house to the committee would flow from bills introduced with royal recommendations. Perhaps Senator Flynn is saying—and if he is saying this I do not say that it is beyond understanding—that the Estimates really contain only the amounts to be voted.

Senator Flynn: No.

Senator Stewart: That is fine. Therefore, the 67 per cent not to be voted as supply was legitimately before the Standing Senate Committee on National Finance, and we know that 67 per cent came about by means of bills brought in with royal recommendations. Over two-thirds of the money the government is spending in 1988-1989 is involved in this process, and the committee thought this was a matter sufficiently important to deserve its attention.

It may well be that some other body could do this more expertly; I do not contest that at all; but I say that this was the committee that was dealing with this kind of business and that this was the committee with the members who had had experience with the bills where these problems had arisen. Consequently, the committee felt it came within the terms of its reference. That is the situation. I do not question at all that some other committee might be able to deal with the matter more expertly. That is not the question which has been raised.

Senator Flynn: May I put a question to the honourable senator?

When Bill C-42 has been passed, does he think the committee will still be empowered to continue its study of the questions he has raised?

Senator Stewart: As I understand it, and, of course, I am relatively new here, the committee remains seized of the Estimates.

Senator Flynn: I do not know where you get that.

Senator Stewart: Now Senator Flynn is raising quite another question.

Senator Flynn: No.

Senator Stewart: I submit he is. He is saying that if the bill passes later today, let us say, the standing committee, regardless of the matter it was discussing, provided that it took its authorization from the reference of the Estimates, could not proceed. Is that what he is saying?

Senator Flynn: I am saying that the Standing Senate Committee on National Finance cannot have these questions referred to it without a decision of the Senate. This committee is unlike the Standing Committee on Standing Rules and Orders, which has questions referred to it without a decision of the Senate. What Senator Stewart is trying to say is that the National Finance Committee is entitled to consider any question related to finance without a mandate from the Senate.

Senator Stewart: Oh, no, I am not saying that.

Senator Flynn: That is the point I was trying to make, and I do not think he was able to answer that.

Senator Stewart: Honourable senators, Senator Flynn now wants to have another opportunity to state his argument. He has made his argument once and, in reply, I have explained why the committee believes that this matter is appropriate for its consideration. I have also explained the circumstances that led some members of the committee to think that this was a matter of great importance. I do not have to convince Senator Flynn; all I do is put forward the argument as to why we thought this work was relevant and why we thought it was important.

Hon. Allan J. MacEachen (Leader of the Opposition): I would point out to Senator Flynn that there is a sentence in

the conclusion saying that the committee intends to continue its hearings on this matter and will report its findings in the near future. If we adopted the committee report, would that not be tacit approval of the continuation?

Senator Flynn: Of course. That is why I objected. It is not the usual way of doing it, since, normally, you have to move a specific motion. This is a report.

Senator MacEachen: If the report is adopted the committee will have its reference.

Senator Flynn: But then I would say "on division," because this question does not belong to that committee; it is not related to the bill, and what has been done up to now is outside the committee's mandate.

Motion agreed to and report adopted, on division.

● (1550)

APPROPRIATION BILL NO. 3, 1989-90

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Poitras, for the second reading of the Bill C-42, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990.—(*Honourable Senator Frith*).

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, in the absence of Senator Frith I want to make a few comments about the bill. I may be able to exceed the brevity of Senator Simard in his introductory comments. The report which we have just approved recounts the material of the Estimates, which are now carried forward into the bill, and refers to the testimony presented by the President of the Treasury Board and the large amount involved in the annual expenditures and their composition. I do not intend to go beyond that.

The interesting comments made by Senator Flynn on the procedure caused me to reflect upon the procedure that is adopted in the Senate in dealing with appropriation bills. I understand that in the National Finance Committee the Estimates, item by item, are not called and approved. I also understand that, notwithstanding that reality, it has been the practice of the Senate to carry an appropriation bill through to its second and third readings without at any point carrying the clauses, at least specifically. One might argue that, when the bill is getting third reading, one deals with the bill as a whole, including its principle, which is normally dealt with in second reading, and all its contents, so that, to that extent, we are dealing with the clauses—at least I would say so, though others may disagree.

All I want to say is that, because I raise these comments in my own mind, I would like, at some other time perhaps, to continue the discussion to see whether or not it might be desirable to give the Senate an opportunity to deal with the clauses specifically.

[Senator MacEachen.]

Senator Flynn knows that, when we were both in the House of Commons together, the first stage was the Estimates, which were resolutions. Then one carried the Estimates, which then, as it were, brought forward the appropriation bill, and one dealt with the appropriation bill at first and second readings. When it came to the committee stage, the House went into the Committee of the Whole and the Estimates were dealt with, first of all, department by department, and the minister would come to carry his Estimates. Some ministers would be kept for days in the House of Commons dealing with their Estimates, which would subsequently be passed item by item.

Well, that procedure has been abandoned in the House of Commons and the Estimates are now sent to standing committees, unless the rules have since been changed again. I gather that what used to happen in the Committee of the Whole, namely, dealing with the items clause by clause, now takes place in the standing committee.

In any event, like Senator Flynn, I do not want to complicate the situation at this stage; but I do say it would be worthwhile considering whether it is not a bit odd that we pass an appropriation bill without ever focusing individually on its clauses and without giving an opportunity at any stage in the process to focus on the clauses and the expenditures. That is all I want to say. I am just laying out some—what shall I say?

Senator Doody: Some terrifying thoughts.

Senator MacEachen: No, no. I am laying out some markers; that is the word I wanted.

Senator Flynn: Some possible scenarios.

Senator MacEachen: Markers for future discussion. We are ready to deal with the bill and give it second reading.

Hon. John B. Stewart: Honourable senators, may I ask the senator who moved second reading if he could give an explanation of one part of the bill? It is on page 2, clause 3(2), where it says:

> The provisions of each item in the Schedule shall be deemed to have been enacted by Parliament on the 1st day of April, 1989.

Honourable senators will remember we discussed the question of the propriety of the use of special warrants for ordinary government expenditures made early in April. The question I ask now is: Is this clause giving, in a sense, a kind of *ex post facto* parliamentary approval to the expenditures that were made in April of 1989?

Hon. Jean-Maurice Simard: I do not think I can answer that question.

Senator Stewart: That is satisfactory. I understand what the senator means.

Senator Simard: I would like to ask Senator MacEachen if he does not think—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Simard speaks now his speech will have the effect of closing the debate on second reading of this bill.

Senator Simard: Honourable senators, it is not my intention to close the debate. I was just going to ask a question for clarification. However, if you agree that those words will terminate it, I have no objection, of course.

I would just ask Senator MacEachen, keeping in mind the remarks he just made as to the clause-by-clause study at this stage, if he does not think that the committee had the power and could have done that? Does he think that in addition to what the committee did this house should proceed clause by clause? If so, at what time?

Senator MacEachen: Well, I am not sure whether I have concluded any firm thoughts on the matter. I gather that the committee to which the Estimates are referred may focus on a particular number of items and the others remain unscrutinized. I am not complaining about that, because that sometimes happens even in a venerable house like the British House of Commons, but, as I understand it, at no point does the Standing Committee on National Finance call and pass each of those Estimates.

Senator Doody: True.

Senator MacEachen: And they are never called in the Senate.

Senator Doody: That is true.

Senator MacEachen: And as a rigorist on these matters, there is, in my mind, a gap there, a murky area where Parliament has not turned the searchlight.

Senator Stewart: May I say one word, which may help? As I understand it, the Crown does not ask the Senate for supply. That business is dealt with by the House of Commons, and that is why, in those bygone times long ago, which Senator MacEachen referred to, the members of the House of Commons dealt with the supply votes in a special committee of the whole House called the Committee of Supply. They now deal with them in the standing committees. But the Senate is not asked to vote supply; rather, we are asked to pass an appropriation bill based on the supply voted in the other place. True, the Standing Senate Committee on National Finance looks at the Estimates. However, it does not pass the votes. Consequently, if we were ever going to look at the contents of an appropriation bill in a formal way, we would have to do so at the clause-by-clause stage after second reading.

● (1600)

Senator Simard: Thank you.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that the bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FOURTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-fourth report of the Standing Committee on Internal Economy, Budgets and Administration (Supplementary budget of Fisheries), presented on Tuesday, October 24, 1989.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of Senator LeBlanc, I move the adoption of this report.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Beaudoin calling the attention of the Senate to the Meech Lake Constitutional Accord and to the *Canadian Charter of Rights and Freedoms*.—(*Honourable Senator Nurgitz*).

Hon. Richard J. Stanbury: Honourable senators, this debate was adjourned in the name of Senator Nurgitz. Senator Nurgitz kindly consented to my taking his place today. I may not be saying the same things as he would have said.

Honourable senators, we have heard some excellent speeches from our colleagues analyzing the Meech Lake Accord and the impact it would have on the country if it were ratified and implemented.

Quite frankly, I do not like the accord. It reduces the power of the federal government, it ignores the significnce of our minorities, it puts us into a strait-jacket in terms of amending significant portions of our Constitution, and it may, depending upon the interpretation, not only recognize the distinctiveness of the Quebec society—which we would all do with pleasure and an open heart—but also give Quebec, as a province, a legal authority superior to that of any other province. The government leader says the accord represents the government's vision of Canada. To me it projects a sad image of a 5,000-mile long string of communities, some large, some small, some rich, some poor, some French, some English, with no commitment to each other, to their aboriginal people, to their women, to their multicultural heritage, no social or physical ties—not

even a decent railway—and a federal government so weak that every policy decision will have to be rationalized with its powerful neighbour or negotiated with its conglomerate parts.

I dislike the undemocratic way in which the accord was drafted and the inflexible way in which it was put before the House of Commons and the provincial legislatures. I dislike the threats being thrown about by the Prime Minister and Mr. Bourassa about dissolution of the country if it is not ratified. I dislike the extortion which is being perpetrated upon Newfoundland.

But most of all, I have disliked the unwillingness to compromise. In spite of the objections of Newfoundland, New Brunswick, Manitoba and British Columbia, in spite of the objections of 80 per cent of the Canadian electorate, and in spite of the dropping away of the support of the NDP, the Prime Minister and Mr. Bourassa have hung tough. One is tempted to believe that they did not want Meech Lake either. If they had, they would have begun long ago to seek out compromise. They would have begun to look for amendments that would save the accord.

Brinkmanship is all right as a negotiating tool so long as the opposition decreases as you approach the brink. But in this case every step toward the brink has caused a greater backlash, a greater opposition, greater bitterness and, more and more, an irreparable division in the country.

If the Prime Minister is the great negotiator that he believes himself to be, it seems to me that he must surely realize that his job is to begin bringing the nation back from the brink, to seek out people of good will who will help him to bind the wounds and get on with building the nation rather than destroying it. He has, so far, been acting as though he believes that he was elected to preside over the dissolution of Canada.

I, therefore, applaud the admission of the Leader of the Government in the Senate that the time has come to talk. My fear is that he has left it much too late. The Manitoba legislators may now have boxed themselves in just as effectively as the Prime Minister and Mr. Bourassa have.

I have said that I dislike the accord and I have given my reasons. It is not that I do not like the objective. The objective of having Quebec become a signatory of our Constitution is a noble one, and, since the Prime Minister has allowed the process to go this far, the political consequences, if this accord is not accepted, could be devastating. The Prime Minister and Mr. Bourassa have told Quebecers that if the rest of the country rejects the Meech Lake Accord they will be rejecting Quebec. That is absolute nonsense, but it is a fiction which has been accepted by many people in Quebec. Unfortunately, it is a fiction that has also turned off the great majority of the population in the other provinces.

Opposition is growing not only among the public but also among the signatories themselves. On June 17, 1989, the four western premiers attended a conference; it was subsequently revealed that of the four only Alberta's Don Getty still supported the accord. Both Bill Vander Zalm of British Columbia and Grant Devine of Saskatchewan have expressed serious reservations. Both Gary Filmon of Manitoba and Frank McKenna of New Brunswick have yet to ratify the accord. Frank McKenna is talking compromise, but Gary Filmon now faces great political difficulty in softening Manitoba's all-party report. The Premier of Prince Edward Island said yesterday that the Meech Lake Accord is dead. "We must begin again," he said.

New Brunswick's legislators are still worried about the unanimity required for amendments, the process for forming new provinces and involving the territories in appointments.

Manitoba has expressed concern over the "distinct society" clause, constitutional guarantees for aboriginal people, women's rights, and the amending formula.

Premier Vander Zalm has expressed concern over the unanimity provisions and the "distinct society" clause.

The new Premier of Newfoundland has stated that he opposes Meech Lake because of three major consequences which he fears: the erosion of federal power; the impossibility of getting an elected Senate because of the changes to the constitutional amending formula; and granting Quebec higher legal authority by making it a distinct society.

The chances for ratification of the accord are slipping away. The only way to save it is to address the flaws in the accord and make appropriate amendments to improve the text and regain as much support as possible from the accord's critics.

Before our summer adjournment I asked the Leader of the Government in the Senate whether the Prime Minister might then be willing to adopt the amendments proposed by the Liberal Party of Canada both in the other place and in this chamber—amendments which addressed many of the issues raised by opponents, and the acceptance of which I believe could turn the tide of public opinion in the direction of approval of the accord. In answer, he not only revealed that the government had no contingency plans for saving the accord but he even refused to consider the Liberal Party's proposed amendments on the ground that they would have gutted the accord.

• (1610)

Senator MacEachen: Killer amendments!

Senator Stanbury: Other Conservatives have repeatedly said that the proposed amendments would have killed the accord. Honourable senators, it is now obvious that the attitude of the Prime Minister and the Honourable Leader of the Government in the Senate is killing the accord.

Senator MacEachen: Hear, hear!

Senator Stanbury: Unless someone exercises some statesmanship and diplomacy, the whole thing is dead. Only reasonable amendments can save it, if, indeed, it can be saved.

Let us look again at the amendments which have been proposed by the Liberal Party in both houses of the Parliament of Canada; and, while we are looking at them to see whether they are "killer" amendments, let us also test them against what are surely the most important criteria for such a judgment: Quebec's conditions for adhesion to the Constitution Act

of 1982 as expressed by Quebec's Minister of Intergovernmental Relations in 1986.

1. Recognition of Quebec as a distinct society.

2. A greater provincial role in immigration.

3. A provincial role in appointments to the Supreme Court of Canada.

4. Limitations on the federal spending power.

5. A veto for Quebec on constitutional amendments.

It is my submission that the amendments proposed by the Liberal Party of Canada, and certain amendments proposed by unhappy premiers, do not offend those conditions, and for that reason alone they cannot be considered "killer" amendments. Indeed, it may only be by adopting these amendments that the Meech Lake Accord can live.

The proposed amendment to the interpretive clause, which now simply defines Canada as being bilingual and Quebec as being a distinct society, would have added to it a recognition that the aboriginal peoples constitute a distinctive and fundamental characteristic of Canada. Surely that is a simple statement of fact and not a "killer" amendment.

The interpretive clause would also recognize the multicultural nature of Canadian society, which is again a simple statement of fact and in no way a "killer" amendment. The interpretive clause would also be amended by recognizing the advantages of developing the Canadian economic union. In today's atmosphere of global competition no one would dare to deny those advantages. If we do not understand our need to abolish our interprovincial barriers and work together for world trade, we are certainly in peril.

The second proposed amendment would offer more protection to official language minorities throughout Canada. The 1982 Constitution offers a province the right to opt into an official-languages status. The amendment also gives each province the right to opt into the responsibility of promoting the official-language-minority's rights in that province. Such an amendment only gives each province the opportunity to make a greater commitment to its official-language-minority, but not one of them is bound to opt in unless it decides to do so. Who would want to leave such an option out of our Constitution?

The next amendment simply calls for filling the vacancies that occur in the Senate by way of election. That is just a recognition that the way of filling Senate vacancies that is proposed in the Meech Lake Accord is no solution whatsoever to the problems of the Senate, and that at least the filling of vacancies by election would bring gradual reform. It would force the federal and provincial governments to come up with a reasonable solution. It is such an innocuous proposal that I am not prepared to believe that it could be regarded as a "killer."

The same could be said for the amendment dealing with the appointments to the Supreme Court of Canada. The proposal is simply to include the elected governments of each territory in the consideration and to provide for interim appointments where timely appointments are not made.

The next amendment asks that, where compensation is to be given to the government of a province that chooses not to participate in a national shared-cost program, its program be compatible with minimal national standards. If we are to preserve any mobility for our labour, professional and executive personnel from province to province within Canada, then we must have some compatibility of social programs.

It is unfair to the territories to require unanimous consent of the provinces before a new province can be established. An amendment to give exclusive jurisdiction in this matter to the Governor General in Council and the elected government of the territory affected is surely not a "killer" amendment and in no way conflicts with the objectives of the Province of Quebec.

Not one of these amendments offends Quebec's conditions. There would still be recognition of Quebec as a distinct society. A greater provincial role in immigration is not in serious dispute, although I see some danger in that myself. A provincial role in the appointments to the Supreme Court of Canada has been assured. A slightly amended limitation on the federal spending power would be provided, and the Liberal amendments do not interfere with a veto for Quebec on constitutional amendments.

The conditions are intact. It is true that the helter-skelter nature of the process and the carelessness of other negotiators allowed Mr. Bourassa to brag that he had received much more than he had asked for, and, of course, it is difficult to give back the cornucopia of gifts thrust upon him; but he must surely be impressed by the fact that his conditions can be honoured and the accord saved by amendments that go a long way towards calming the fears of other Canadians. If the process of reaching the accord had been more deliberate and more democratic, those gifts would never have been given, or, if they had been given, they would have been given with good will and amendments would not now be necessary.

The Liberal amendments do not satisfy all of the complaints of those opposed to the accord in its present form, but they do deal in a moderate way with most of the problems. They may well form the basis of a final consensus.

David Peterson, the Premier of Ontario, who has supported the accord valiantly, has given leadership to the Prime Minister and Premier Bourassa by making it clear that the first ministers "are going to have to have some meetings on Meech Lake in the not too distant future." I was delighted to see that the Leader of the Government in the Senate has now joined him in that call. Compromise might still rescue the package. Intransigence will certainly lead to disaster.

But, Mr. Prime Minister and Mr. Leader of the Government in the Senate, if you continue to be intransigent and if there is a disaster, do not blame this side of the house and do not blame the Liberal Party of Canada. You have had more support from this party than you deserve. Acceptance of our amendments at the legislative stage might well have avoided this dangerous impasse and hastened unanimous ratification. Since you did not take that course then, now is the time to use

it to try to rescue the situation. Now is the time for statesmanship and diplomacy. I wish you well for the sake of Canada.

Some Hon. Senators: Hear, hear!

On motion of Senator Doody, for Senator Nurgitz, debate adjourned.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 31st October, 1989, at two o'clock in the afternoon.

Motion agreed to.

The Senate adjourned until Tuesday, October 31, 1989, at 2 p.m.

THE SENATE

Tuesday, October 31, 1989

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

Prayers.

QUESTION OF PRIVILEGE

Hon. Michel Cogger: Honourable senators, I rise on a point of personal privilege as a result of articles published in today's newspapers. The point I wanted to make is that from 1983 to early 1989 I was counsel to the law firm of Lapointe Rosenstein in Montreal. It is my understanding that several senators act in a similar capacity.

Before that period, during that period, and since then, the firm of Lapointe Rosenstein has rendered legal services to the Federal Business Development Bank and has billed and was paid for such services. I have in some instances signed the covering letters accompanying such bills of fees. All payments were made to the firm of Lapointe Rosenstein.

On another but related subject, as a result of a separate story, I wish to point out that for several years I was a shareholder—I still am—of a firm called Pluri-Canaux Limitée, which, by virtue of a contract, has had the right to act as exclusive distributor of certain off-campus business administration courses of the University of Sherbrooke. The Federal Business Development Bank advanced sums to the University of Sherbrooke for the production of one such course, which the firm I just referred to, Pluri-Canaux Limitée, was distributing along with all other courses of the School of Business Administration of the University of Sherbrooke. I understand that the bank has since been reimbursed for its loan by the University of Sherbrooke.

Thank you.

TRANSPORT AND COMMUNICATIONS

FOURTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Finlay MacDonald: Honourable senators, I have the honour to present the fourth report of the Standing Senate Committee on Transport and Communications, which report requests that the committee be empowered to incur special expenses pursuant to the procedural guidelines for the financial operation of Senate committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see Appendix "A", p. 663.*)

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

On motion of Senator Buckwold, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FIFTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, October 31, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-FIFTH REPORT

Your Committee wishes to inform the Senate that it has adopted a Policy on Telecommunications. All Senators will be sent a summary of the policy. Additional copies for those interested are available from the Office of the Clerk.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

NATIONAL DEFENCE

FOURTH REPORT OF SPECIAL COMMITTEE TABLED

Hon. Henry D. Hicks: Honourable senators, I have the honour to table the fourth and final report of the Special Committee of the Senate on National Defence respecting its examination of Canada's land forces, including Mobile Command, entitled "Canada's Land Forces".

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

Senator Hicks: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I ask permission to make a few remarks about this report now, since I understand that we may not be sitting later this week and my personal arrangements may make it more difficult for me to do it. I shall not take more than three or four minutes of the Senate's time, if I am permitted to make a few remarks now.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Hicks: Honourable senators, this report is actually the fifth report that the Special Committee on National Defence and its predecessor committee, the Subcommittee on Foreign Affairs, have made on Canada's defence forces. The first one, made in 1982, dealt with manpower in our forces. That was followed by a report on Maritime Command and then by two reports, one on North American Air Defence and another on Air Transport Command.

This report rounds out our study of Canada's defence forces by dealing with Canada's land forces, including Mobile Command. It has been delayed because of the death of Senator Lafond, the former chairman of the committee, and, I might add, a knowledgeable chairman of the committee. When the committee finally was organized and I was chosen to complete the work of the committee, I was not nearly as competent to do so as Senator Lafond, but I did my best. The members of the committee were helpful and supportive of me. Parliament was then dissolved, so that another delay of nearly a year was introduced. The result is that this report, which should have been published one year ago, is only being published now.

The other complicating factor was that during those delays the attitude of our Russian friends appeared to have changed tremendously and the so-called Gorbachev initiative required us to rethink our position in great detail. At the same time I must point out that, while we all hope and some of us believe—and I am one who does—that Mr. Gorbachev wants to change the whole attitude of East-West relationships, in fact the production of defence equipment such as tanks, artillery pieces, et cetera, has not diminished one iota so far as our Russian friends are concerned. It is true that they do seem to have made moves to withdraw some troops from the border between eastern Europe and western Russia, and we hope that that is significant of a major change in policy. However, our report, which was largely written on the basis of evidence received more than a year and a half ago, has perhaps not sufficiently taken into consideration the likelihood of changes on the part of our Soviet friends. Therefore, we hope that as these changes mature they will result in a different East-West relationship.

This report, therefore, is the factual report on what Canada ought to do in regard to its land forces in the event that we ever have to become seriously involved in any confrontation with our friends in the Soviet Union, or with anyone else. I think it is highly unlikely that the Government of Canada will buy 250 main battle tanks now, but this report was based upon the assumption that if we were to have a modern force that is what we would need to do. In any event, this report gives the situation, so far as your committee could examine it, based largely on evidence up to the end of 1987 or early 1988.

[The Hon. the Speaker.]

Honourable senators, one other feature of this report is of particular interest to me. I think that some of my colleagues on the committee suspect that I have become too infatuated with this matter, but I was determined to do it. Appendix 2 of this report contains a cost update of all the recommendations of the five reports that we have made since 1982 having to do with manpower, with Maritime Command, with the two Air Command aspects, and now with the land forces. The interesting thing about this cost update is that it would increase our expenditures on defence, as a percentage of Gross Domestic Product, from 1.98 per cent, which is the current figure for the year 1990-91, to 2.34 per cent. That would still leave Canada's defence expenditures, as a percentage of Gross Domestic Product, at lower than those of any of our NATO allies, excepting only those of Luxembourg and Denmark. While the figures mentioned in this report and in the cost update in Appendix 2 may seem very large to Canadians, they ought to be considered in relation to the effort that we are making compared with our NATO allies, and, in my opinion, that is not too great an effort. Indeed, I think a country such as Canada ought to be able to afford to make a greater effort. In my opinion, we should not be sending our young men and women—and may the Lord prevent us from ever having to do so—to a battle confrontation with weaponry that cannot stand up to the forces that would be likely to oppose them. So I think that if Canada plans to maintain a defence force at all we ought not to try to do it on the cheap; we ought not to try to do it for anything less than the figures summarized in this report.

• (1410)

Honourable senators, I hope those of you who are interested will give attention to what has been recommended in this report and will be supportive of any Government of Canada that tries to make sure that, if we are playing in the real world of today, we play with modern weaponry and with the kind of equipment that will enable Canadians to continue to discharge their defence responsibilities in the way that we have done so well, not only during World War I and World War II but in previous parts of our history.

I am very glad to table this report. I regard it as a yardstick against which Canada should measure its defence efforts.

On motion of Senator Frith, debate adjourned.

PENITENTIARIES

ACCESS OF MEMBERS OF PARLIAMENT—NOTICE OF INQUIRY

Hon. Earl A. Hastings: Honourable senators, I give notice that on Tuesday next, November 7, 1989, I will call the attention of the Senate to the erosion of the longstanding right of access of members of Parliament to federal penitentiaries and the final loss of that right in 1987.

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 7th November, 1989, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Doody: Honourable senators, if I may just take a moment to explain, the work scheduled by the House of Commons that I had anticipated for this week has not materialized. The Unemployment Insurance bill, which I had thought would be out of the House of Commons this week, is still there. I am told that it will be finally through the process on Monday next and will be here for first reading on Tuesday. Also, I had reason to believe that the Excise Tax bill, Bill C-20, would be here, but it, too, is not scheduled to arrive here until next week. So, rather than keep senators in the chamber with no government business before them, it was thought best that we devote ourselves to our committee work for the rest of this week.

There are a number of committees anxious to get on with their agendas. I know that the three subcommittees of the Internal Economy Committee have started their work on the budget process. I know that the main committee has planned to meet on Thursday. I understand that the Foreign Affairs Committee is scheduled to meet this week and that the Fisheries Committee is meeting to work on its report. There are other committees meeting as well. I should emphasize that the fact that the Senate is not sitting does not in any way mean that the Senate is not busy.

Motion agreed to.

AGRICULTURE AND FORESTRY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO HEAR EVIDENCE

Hon. Efstathios William Barootes: Honourable senators, I give notice that on Tuesday next, November 7, 1989, I will move:

> That for the duration of the present session, the Standing Senate Committee on Agriculture and Forestry be authorized, on its own initiative, to send for a person or persons visiting the National Capital Region and to hear and consider the evidence of that person or persons on matters that rule 67(1)(*n*) of the *Rules of the Senate* describes as being within the mandate of the Committee.

ENERGY AND NATURAL RESOURCES

COMMITTEE EMPOWERED TO PERMIT COVERAGE BY ELECTRONIC MEDIA

Hon. Dan Hays: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

> That the Standing Senate Committee on Energy and Natural Resources be empowered to permit coverage by the electronic media of its public proceedings on the study of Petro-Canada, with the least possible disruption of its hearings.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

GOODS AND SERVICES TAX

NEGATIVE IMPACT—IDENTIFICATION OF "TENTH" PROVINCE—REQUEST FOR COPY OF STUDY

Hon. H.A. Olson: Honourable senators, last week I asked the Minister of State for Federal-Provincial Relations if he could provide us with a copy of the study and report the Minister of Finance was referring to when he said that the GST would affect one province adversely but that the other nine would gain. The Leader of the Government admonished me for not making use of the facilities for research here. I took his comments seriously and I will certainly use them. He also said:

> Meanwhile, I, free of charge, will send him a copy of the studies that have been published by the Department of Finance on this matter.

Honourable senators, that was last Wednesday and the fact of the matter is that I have not yet received them. I should like to know if the minister is going to provide them for me since I accepted his generous offer.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the study I was referring to indicated that there would be, if my memory serves me well, a 2.5 per cent increase in the GDP in his region of the country as a result of bringing in the goods and services tax.

I apologize if my friend has not received the study. I will see that he receives it this afternoon.

Senator Olson: Honourable senators, I heard the minister say that last week, too.

The Minister of Finance is quoted as having said that the GST would have a neutral or a positive effect in nine of the provinces and that the tenth province, which he would not identify, would suffer. Which of the ten provinces is the one

that is going to suffer? If it will not be Alberta, which one will it be?

Senator Murray: On that particular point, honourable senators, I undertook to obtain clarification from my colleague, Mr. Wilson, and I shall do so.

Senator Olson: May we have some indication of when we can expect this clarification?

Senator Murray: As soon as possible, honourable senators.

Senator Olson: Honourable senators, surely the study is available right now. I can remember the honourable gentleman, when sitting on this side of the house, asking me to help him do his homework and I did so immediately. My staff was put at his disposal to produce all the available information. I am told that he has more staff than I do, so why is it he cannot give us this information now? What is the delay?

• (1420)

Senator Murray: Well, honourable senators, my friend has still not identified the context in which Minister Wilson is quoted as having made the statement that Senator Olson attributes to him. It is still not clear to me whether Mr. Wilson was speaking about a change in government revenues, provincial revenues or in the gross provincial product, or what the context was. That is why I offered, in fact, undertook, to get in touch with Mr. Wilson and to obtain a clarification of and all available documentation on the point raised by Senator Olson.

Senator Olson: Well, that is not a satisfactory answer. It might be a reply, but there is no information in it. The minister undertook to ask Mr. Wilson. Has he seen him since last Wednesday? Today? That is nearly a week.

I read very precisely the report in the *Globe and Mail* where Mr. Wilson said this. You did not deny that he said it. He said that one province is going to suffer. We are suspicious that it is going to be Alberta. That is why I want to know if Mr. Wilson's studies show that. It does not seem to me that this is complicated. Surely we can get an answer.

Senator Murray: It is not at all complicated, honourable senators, and I would hope that my friend would not complicate it further by bringing extraneous issues into it and by adopting what I think is a rather unreasonable and truculent attitude in the circumstances.

Some Hon. Senators: Oh, oh!

Senator Olson: One final question—although I sometimes regret saying that. When can we expect it? The people in Alberta are a bit exercised and suspicious about this, because their provincial treasurer had another comment to make. I do not know if he read the same report that was prepared by the federal Department of Finance or if he did one himself. Perhaps it is the same one. I am not sure about that. Anyway, he indicates that 60,000 jobs are going to be lost in Alberta in the three years from the beginning of the application of this tax, which will be accompanied by a very severe reduction in provincial revenues. This is what I would like to know. At least the Minister of Finance admits he knows there is one province that is going to be adversely affected. The people of Alberta want to know if it is theirs.

Senator Frith: They are probably feeling a bit truculent, in fact.

Senator Olson: Yes, that could be. Yes.

Senator Austin: What did Mr. Mazankowski know and when did he know it?

Senator Murray: Honourable senators, if I can recall the point that my friend was trying to make—

Senator Olson: You will find it on page 625.

Senator Murray: —the provincial treasurer of Alberta, Mr. Johnston, is indeed quoted to the effect that the honourable senator has stated, but he says he is basing his projections on a study which he will not release until the time of the first ministers' conference. When the first ministers' conference is held and he releases his study, then he will have an opportunity to analyze it and to comment upon it.

Senator Olson: In the meantime, I wonder if the honourable minister would give us an undertaking to bring in Mr. Wilson's study—never mind Mr. Johnston's study; we will probably get that some time later. Mr. Wilson's is the study I am interested in at the moment. I do not have a seat in the provincial legislature to cross-examine Mr. Johnston, but we do have the Minister of State for Federal-Provincial Relations right here in front of us and he knows the answer, if he wants to give it. I am sure that he has discussions and goes to cabinet committee meetings, and so on, where he discusses these matters. What is the reluctance? Somebody said he is a bright fellow, and I agree.

Senator Argue: He probably wrote the report.

Senator Olson: Why can we not have the information about that one? We have other people who will ask Mr. Johnston about his, but he apparently is aware of the report that Mr. Wilson was using as the basis for his comments. That is the one we would like to see.

Senator Murray: Honourable senators, the reason for the delay is that I want to be certain that, when I am placing the information before the Senate, it is 100 per cent accurate. I do not wish to rely on conjecture and scuttlebutt, as the honourable senator does.

Senator Argue: Then we will never get anything.

Senator Olson: When are we going to get it?

Senator Murray: Soon, honourable senators.

FIRST MINISTERS' CONFERENCE

FULL PARTICIPATION OF GOVERNMENT LEADERS OF TERRITORIES—GOVERNMENT POSITION

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government in the Senate. I will attempt to add a new twist to an old question, although I am sure he is tired of hearing it.

We know that Meech Lake and other issues directly affecting the Yukon and Northwest Territories will be discussed at the first ministers' conference on November 9. Since this government has consistently refused to permit our elected government leader, Mr. Tony Penikett, to attend and be a full participant in these conferences, I should like to ask the leader if he will now consider allowing our new premier, Mr. Tony Penikett, to attend the conference on November 9 to represent the people of the Yukon, as he was elected to do. It seems to me we are just as Canadian as the rest of you and we should have someone there representing us.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the Yukon and the Northwest Territories have played a greater role in federal-provincial conferences and, of course, in the administration of many programs and province-like responsibilities since the Mulroney government came into office than they had at any time in the past. But the short answer to the honourable senator's question is that the government leaders of the Yukon and Northwest Territories will be in attendance at the conference and will have an opportunity to address the conference.

Senator Lucier: Well, honourable senators, here we go again being treated as second-class citizens, and I am not even going to dispute that in the recent years the government leaders in both territories have taken a more active part in first ministers' conferences and in programs than they had in the past. That is evolution and that is what we expect to continue. I think we have now reached the next step.

Mr. Penikett is saying that he is now the Premier of the Yukon, and no one is disputing that; no one in the government and no one in the Yukon seems to be disputing it, and we want to be represented not only as observers who are allowed to go there and say a few words but as full participants in that conference. I would like to know why that is not possible. Is the Government of Canada objecting to that or are the premiers? Which one is it?

Senator Murray: What was the question?

Senator Lucier: If you had listened, you might have heard the question, Mr. Minister. My question is: Why are Mr. Penikett and Mr. Patterson not being asked to be full participants in the meetings on November 9 instead of observers who will only have an opportunity to say something?

It is a matter of evolution. I agreed with the minister that in the last few years they have taken a more active part in governmental affairs, and I am saying that we are now at the next step. We have reached the point where Mr. Penikett is saying that he is the Premier of the Yukon. The people of the Yukon are not arguing with him and I have not heard anything from the Government of Canada to suggest that it is arguing with him; so why is he not allowed to attend and represent us as a full participant rather than as just an observer? We are just as Canadian as the rest of you, and we want the same representation to keep you from making the stupid mistakes that you made the last time.

Senator Murray: Honourable senators, the short answer is that, first of all, the Yukon and the Northwest Territories are not yet provinces.

An Hon. Senator: They never will be.

Senator Lucier: Thank you very much!

Senator Flynn: It is obvious.

Senator Murray: Secondly, when the time comes to take what my friend refers to as the next step to change the formula for participation by territorial government leaders in those first ministers' conferences, that is a matter that will have to be taken in consultation between the federal government and all of the provinces, and I am sure the participation of the territories in these conferences is a matter that will be discussed in due course by the federal government and the provinces.

Senator Lucier: Well, honourable senators, since he seems to be applying the Meech Lake philosophy, I wonder if the minister would at least have the courtesy to accede to the Yukon's participating in the conference if the premiers agreed with the idea. Would he at least use the 7/10 formula and try to get seven premiers to agree that we should attend? I think you will find that seven premiers would agree that we should be there as full partners; but, if not, we should at least be told who did not want us to attend. Quite frankly, I don't think it is the premiers—I think it is the Government of Canada that is refusing.

● (1430)

Senator Murray: The honourable senator is rather careless and inaccurate in his language. There is no question of their not attending. They will be attending. They will take their places at the table at a given point in the proceedings and they will speak to the conference and through the media of television and radio to the people of Canada. That is the formula that was agreed upon for their participation.

If the time comes for them to participate in other meetings or in a different way to increase their participation in these conferences, that is a matter that will have to be canvassed between the federal and the provincial governments. As I say, I am sure that in due course the federal and provincial governments will review the participation of the territorial governments at this meeting. There is no formula saying that there must be unanimity before a decision on this matter is made. There is no formula saying that this decision should be made by seven provinces with 50 per cent of the population. It would be necessary to have a consensus of the players on this matter.

Senator Lucier: Honourable senators, I just want to end this exchange by saying that the minister's answers are every bit as despicable as they were the last time I asked the questions. I think it is an affront to the people of both northern territories that they do not have an opportunity to participate on the same basis as every other premier on this issue.

Senator Simard: They are not on the same basis.

Senator Lucier: You don't have to tell us what we are—we know, and you are making sure that we stay there. Thank you very much, senator!

CANADA-UNITED STATES FREE TRADE AGREEMENT

POSITION OF LEADER OF GOVERNMENT AND GOVERNMENT

Hon. Philippe Deane Gigantès: Honourable senators, I should like to ask the Leader of the Government in the Senate whether he is disenchanted with the Free Trade Agreement.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I am sorry?

Senator Gigantès: I should like to ask you, sir, whether you are disenchanted with the Free Trade Agreement signed by Canada and the United States.

Senator Flynn: What a stupid question!

Senator Gigantès: Could I have an answer, please?

Senator Murray: Honourable senators, that really is a rather stupid question. If the honourable senator wants to launch a debate on the Free Trade Agreement let him do so in the period that is provided for such debates. If he has a question about the content of the Free Trade Agreement or on its impact on the Canadian economy, or on anything that is within my responsibility as a minister, I will undertake to obtain a response for him. But these rather personal questions, I think, are quite out of order and inappropriate in this place, and the honourable senator has been here long enough to appreciate that.

Senator Gigantès: Is the Leader of the Government in the Senate saying to us that he and all of his colleagues are not disenchanted with the Free Trade Agreement?

Senator Murray: Once again, honourable senators, the honourable senator is asking a stupid question—

Senator Olson: No!

Senator Murray: —and I am not answering stupid questions.

Senator Gigantès: Is the Leader of the Government in the Senate aware of the fact that on October 8, 1989, the Honourable Pierre Blais said, and I quote:

> Canada had played fair and we signed the agreement in good faith. But it is as if the U.S.A. was doing everything to harass us . . . even though they signed an agreement to improve our relations. This brings Canadians to ask: Do you Americans want to work with us? Personally, I find very irritating this harassment which has been going on for months.

Is there a split in the federal cabinet over this issue?

Senator Murray: Finally, the honourable senator has got to the nub of his question. He has put on the record a statement attributed in the media to my colleague, the Solicitor General, who is also Minister of State for Agriculture, and I assume that Mr. Blais was speaking in that capacity.

Senator Gigantès has put on the record a statement attributed to Mr. Blais. I shall go to Mr. Blais and obtain a response to his question, if there was a question.

Senator Gigantès: Does the Leader of the Government share the views of Mr. Blais?

Hon. Gildas L. Molgat: Honourable senators, I rise on a point of privilege. Is it in order for an honourable senator to respond to another honourable senator by saying that a question that he has posed is a "stupid" one?

Senator Flynn: How would you qualify it?

Senator Molgat: I think that may be considered unparliamentary.

Senator Flynn: How would you qualify it yourself?

Senator Molgat: I am pointing this out to the Senate and I ask for its considerationn.

Senator Flynn: You can point out whatever you want to, but—

Senator Gigantès: Honourable senators, this is a matter of my privilege, I believe.

Senator Frith: No, it is a matter of privilege for all senators.

Senator Gigantès: The words were addressed to me, and I would like to say that that kind of language I always expect from the Leader of the Government.

Would the Leader of the Government tell me further whether he is aware that the Deputy Prime Minister, Mr. Don Mazankowski, on October 27, also accused the United States of harassing us, when he said: "We have expected harmony and instead we are victims of harassment." Is the government leader in agreement with that statement?

Senator Murray: Honourable senators, I should first like to know the context in which this statement was made, if it was made. I will refer both of those statements to my colleagues, the Deputy Prime Minister and the Minister of State for Agriculture, to see if there is any elaboration that they wish to make. I shall bring their statements to the Senate at the first opportunity.

Senator Gigantès: Does the Leader of the Government mean by his answer that perhaps some members of the government are disappointed with the Free Trade Agreement, partially or wholly, and that others are not? Would the Leader of the Government care to speak on this?

Senator Murray: What I mean is that the honourable senator has placed on the record statements attributed to two colleagues. I do not know the context in which the statements were made, if, indeed, they were made. I will be in touch with my colleagues to see if there is any elaboration or further statement they wish to make for the benefit of my honourable friend.

Senator Gigantès: When he does that would he kindly also elucidate whether it is stupid to worry about this attitude? Would he give us some detailed answer as to whether it is or is not stupid to worry about it, and why?

Senator Murray: The honourable senator could have saved a lot of time and a lot of the Senate's time if he had asked the question directly rather than asking what is, I repeat, a stupid question—

Senator Olson: That is against the rules!

Senator Flynn: No!

Senator Murray: —in an endeavour to know whether Lowell Murray was "disenchanted" with something. That is not a question that is appropriate to ask, nor does it make any sense to ask it, of a minister in the course of the oral Question Period.

Senator Gigantès: The honourable Leader of the Government would have saved a lot of time of the Senate if he had not harangued a colleague and acted like an angry school-marm—or perhaps I should say schoolmaster—instead of answering the question.

Senator Molgat: Honourable senators, I rise on a matter not of personal privilege but of privilege of the Senate, and I repeat that in my opinion the qualification by an honourable senator—and particularly by the Leader of the Government in the Senate—of a question of another senator in this chamber as a "stupid question" is unparliamentary, unbecoming of the Leader of the Government, and improper.

Senator Murray: I thank the honourable senator for his views.

Senator Molgat: I believe the honourable minister should apologize, not simply to the honourable senator but to the Senate. It is improper language and my honourable friend should know that.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on the point of privilege, I think it was Oscar Wilde who said that there is no such thing as an indiscreet question, only an indiscreet answer. Perhaps that would apply here: there is, perhaps, no such thing as a stupid question—only a stupid answer.

Hon. H.A. Olson: Honourable senators, there is more to it. I should just like to mention to Senator Barootes that perhaps we ought to finish up with Senator Molgat's question of privilege first, and he can raise another one later.

The fact is that Parliament has already ruled on unparliamentary language, and "stupid" in an unparliamentary word. It is referred to on page 113 of *Beauchesne's Parliamentary Rules and Forms*, Fifth Edition. The Leader of the Government is obliged to apologize for saying that word. That has already been determined. It has already been said to be unparliamentary. Therefore, those kinds of remarks should be withdrawn.

Senator Flynn: Well, I have said it and I don't withdraw it!

• (1440)

Hon. Efstathios William Barootes: Honourable senators, while Senator Olson has the green book before him, would he also verify whether the use of the word "despicable" applied to the answer and position taken by my leader is also out of order?

Senator Olson: It is not listed as unparliamentary.

Senator Barootes: No, no.

Senator Flynn: That is all that you can understand!

THE SENATE

ELECTION IN ALBERTA TO FILL VACANCY

Hon. Joyce Fairbairn: Honourable senators, I should like to ask an uncomplicated question of the Leader of the Government in the Senate and Minister of State for Federal-Provincial Relations.

Now that the Prime Minister has returned to Ottawa and to Parliament, could the Leader of the Government indicate when we will receive news of his decision on an appointment to fill the Senate vacancy in Alberta?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not know the answer to that question.

Senator Fairbairn: Last week, honourable senators, the Leader of the Government indicated that at a quick glance he was not sure whether or not the letter submitted by the Premier of Alberta, which stated the winner of the selection process in Alberta and also included a list of all the candidates who ran in that process, met the "letter" and the "spirit" of the Meech Lake agreement.

After further reflection, can the minister indicate his views on Premier Getty's letter and the list contained in it?

Senator Murray: No, honourable senators. Frankly, I have not given it further reflection since I replied off the cuff last week to the honourable senator.

The letter is something that is now in the Prime Minister's hands. He will be giving the letter and the whole matter his earnest consideration, and I am sure will be announcing a decision in due course.

FILLING OF ALL VACANCIES

Hon. Joseph-Philippe Guay: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate.

I am one of those who believe that no more consideration should be given to Alberta than to the rest of Canada. Therefore, if any senators are to be named, all the vacancies should be considered instead of a vacancy in one particular area. The same consideration should be given to all seats that

are presently vacant in the Senate as is given to Alberta. I am suggesting that they be given the same consideration.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I accept the honourable senator's statement as a representation which I will convey to the Prime Minister.

ATTENDANCE OF LIBERAL SENATOR AT REFORM PARTY CONVENTION

Hon. Heath Macquarrie: Honourable senators, on the same subject concerning my colleagues from Alberta, has the Leader of the Government and Minister of State for Federal-Provincial Relations ascertained which Liberal senator attended the recent Reform Party convention in Alberta in reference to an appointment to this body?

Senator Guay: That is a good question!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): No, I have not done so, honourable senators, but I am sure we would all be happy if the honourable senator in question would stand up and identify himself or herself.

Senator Guay: What if he is not present? How can he stand up?

Hon. Earl A. Hastings: Honourable senators, on a point of privilege, the honourable senator alluded to the fact that an Alberta Liberal senator attended the convention. I wish to place on record the fact that I was not at the convention.

Senator Guay: Right on!

Hon. H.A. Olson: I was not there either.

Senator Frith: Anyone else?

Hon. Joyce Fairbairn: As the Honourable Leader of the Government referred to a possible "her' in his comment, I should like to state that I, too, was not at the convention.

Senator Frith: Anyone else?

Senator Macquarrie: *"Mea non culpa."*

FISHERIES

ATLANTIC COAST PROBLEM—CABINET MEMBERS ON COMMITTEE—SCOPE OF STUDY

Hon. L. Norbert Thériault: Honourable senators, I have a simple question concerning a complicated matter to ask the Leader of the Government in the Senate.

Will the Leader of the Government in the Senate tell this house the members of cabinet who are on the committee looking into the fisheries problem on the Atlantic coast?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will have to do so from memory, and I apologize in advance if I omit anyone.

[Senator Guay.]

The Secretary of State for External Affairs is the chairman. I am the vice-chairman. The Minister for International Trade is a member, as are the Minister of Public Works, the Minister of Fisheries and Oceans, the Minister of Finance, and the Minister of Employment and Immigration. I have named seven. I hope that I have not left any out, although it is altogether possible.

Senator Thériault: Honourable senators, I had occasion last week to attend the Fisheries Council of Canada in Saint John, New Brunswick. We heard from the Minister for International Trade and the Minister of Fisheries and Oceans.

I wish to ask the minister this question: Is the committee looking at the whole of fisheries on the east coast or is it just northern cod in Newfoundland?

Senator Murray: Well, honourable senators, needless to say, the northern cod situation is one that is of great importance and occupies a great deal of the attention of the committee because of the importance of that fishery to the entire Newfoundland economy. But we are considering other matters as well—for example, the question of the Scotia groundfish fishery.

Senator Thériault: Because you have named northern cod and the Scotia shelf and West Nova Fisheries, who is looking into the serious problems happening in P.E.I. and New Brunswick?

Senator Murray: Honourable senators, these are subjects of ongoing discussions between, in particular, the provincial governments concerned and the responsible ministers, and also between the industry, the fishermen and the ministers concerned.

Senator Thériault: Honourable senators, I want to tell the minister and this house that I attended those meetings years ago, when I was in the business and in politics provincially. I have never seen as serious a situation in New Brunswick.

I am glad that there is such a committee. I hope that the committee will look at this situation seriously. It is a drastic situation and one that commands the attention of the national government. It is one that should be looked at in the same way as the government of the day looked after the agricultural drought in western Canada over the last three or four years. I am not suggesting that you need as many billions of dollars, but you need a national effort and several hundreds of millions of dollars, because the fishermen, the fish dealers, the economy and the people of New Brunswick, P.E.I., Nova Scotia and Newfoundland are in for a dire period of time. I hope that you will not take too long to look into this matter, because between now and this time next year there will be some serious problems.

Senator Murray: I appreciate the points that are made by the honourable senator. I have to tell him that the first area of study of the committee is the programs that are now in existence to assist with the adjustment that is necessary in those communities because of reduced quotas and other factors. Once we have done that, we will consider what additional programs or measures may be needed.

• (1450)

INCOME TAX

TASK FORCE REPORT ON ELIMINATION OF CERTAIN BENEFITS TO RESIDENTS OF NORTHERN CANADA

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Leader of the Government in the Senate. As all of us are aware, there are special income tax benefits that accrue to residents of the northern part of Canada to compensate them for the higher costs and other aspects associated with living in these northern communities. A recent task force report has recommended some significant changes to the income tax rules applicable to northern communities. I draw the attention of all honourable senators to a recommendation contained in that task force report that would, in effect, draw a line across my province of Saskatchewan at 57 degrees, three minutes latitude, which would be the cut-off point for the tax benefits.

In the past these tax benefits were related not simply to a straight line running across the province but to problems of individual communities associated with remoteness, lack of access by permanent roads, and a variety of other factors. As I say, the task force report has suggested that there simply be a cut-off line in Saskatchewan—and I would presume the same would apply to other parts of Canada.

In my province of Saskatchewan this will eliminate many medium-sized communities in and around that area whose residents presently enjoy that income tax benefit. I read somewhere that the total cost of this move to northern communities across Canada would be somewhere in the order of $100 million. In this instance, we are talking of communities that, in many cases, are suffering under extreme economic hardship in attempting to meet the extremely high cost of living. Those senators who are from the north will recognize the truth of that statement.

I would ask the Leader of the Government in the Senate if he would report back to the Senate on this particular task force report. Also, I would ask him to convey to the decision-makers the concern of many of us here in the Senate in relation to the recommendations I have referred to.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes, honourable senators, I shall do so.

REPRODUCTIVE TECHNOLOGY

ESTABLISHMENT OF ROYAL COMMISSION

Hon. Lorna Marsden: Honourable senators, before I ask a question of the Leader of the Government in the Senate, I should like to comment on the recent announcement with respect to the Royal Commission on Reproductive Technology. I am delighted to see that that commission has come to life. I am also delighted that Dr. Patricia Baird, who is a fine scientist and a great humanist, has been appointed to head that commission. I know she will do a first-rate job.

INDIAN AFFAIRS

GRAND RIVER INDIAN RESERVATION—SCHOOL HEALTH AND SAFETY STANDARDS—WELFARE OF STUDENTS—REQUEST FOR REPORT ON MEETING

Hon. Lorna Marsden: Honourable senators, on October 24 I made reference to the situation of the school children at the Grand River Indian reservation. I pointed out that this past Friday there was to be a meeting between the minister and the chief of the reservation with respect to the situation in that school, and at that time I asked if a report could be made on that meeting some time this week.

I would ask the Leader of the Government in the Senate, if he is able, to report on the outcome of that meeting at this time.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I regret that I am not in a position to do so today.

Senator Marsden: I wonder if the Leader of the Government in the Senate would undertake to bring in a report on that meeting, and answers to the other questions I raised on October 24, as soon as possible. In fact, if the response is ready before the Senate again meets, I wonder if the Leader of the Government in the Senate would be willing to let me have a copy of that response.

Senator Murray: I shall do so, honourable senators.

FISHERIES

CLOSURE OF NATIONAL SEA PRODUCTS PLANTS IN NOVA SCOTIA—OBLIGATION OF FISHING COMPANIES TO FISHING COMMUNITIES

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I intended to ask a question supplementary to the series of questions asked by Senator Thériault. My question has to do with the situation of a number of fish-processing plants in Nova Scotia.

Inasmuch as the Leader of the Government in the Senate is a member of an important cabinet committee dealing with the fisheries, would he find out whether National Sea Products has the intention of closing any of the fish-processing plants in Nova Scotia at an early date? One plant that has been mentioned for possible closure is the plant at Canso, a community in a coastal area which depends for its living almost entirely on the operation of that plant. It would therefore certainly be of great public interest if the Leader of the Government in the Senate could give us an assurance that the company is not proposing to close any of these plants.

Secondly, perhaps I could ask the Leader of the Government in the Senate whether it is the view of the present government that the fishing companies have some obligation to fishing communities in light of the important assistance that was rendered to the fish operation by the restructuring program of the Government of Canada.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the answer to the last part of the honourable senator's question is in the affirmative. Having said that, and without wishing to be alarmist, I get the impression from what I read in the public press that National Sea Products will be closing some plants, although they have not indicated, either to the media or to us, which plants they might be closing or where they would be cutting back on their operations. It also seems fairly clear to me with respect to National Sea Products, again largely from media reports, that, while they share the general problem in the fishery relating to the prospect of reduced quotas, they have been undergoing problems that are particular to that company.

Senator MacEachen: Honourable senators, I wonder if, at a later date, the minister could be more precise with respect to the situation in Nova Scotia. To some extent the minister, by his comment, has lent support to the notion that there are certain plants that are doomed in that province. Certainly, I would make a plea to him to seek an assurance that the Canso plant is not among the intended victims, because of the deep distress that currently exists in that area. I think it would be helpful if we could eliminate as much as possible the fears that presently exist.

Senator Murray: Honourable senators, I should like to be more precise, but I am not in a position to do so, and certainly not today. I was not referring in particular to Nova Scotia, although I recognize that my honourable friend was. I understand that National Sea Products have plants in both Nova Scotia and Newfoundland. If I read correctly what was said by one of the spokesmen within the past several weeks, they would need to close down or certainly cut back operations in some of their plants.

However, I will try to obtain something more official as soon as I can and advise the honourable senator.

FIRST MINISTERS' CONFERENCE

PARTICIPATION OF TERRITORIAL GOVERNMENTS

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate. Earlier today, in reply to a question by Senator Lucier in the matter of the Meech Lake Accord and meetings of the first ministers, the minister made a response relating to the two northern territories. I recognize, of course, that these two northern territories are not provinces and, consequently, should not necessarily be involved in all discussions between the federal government and the premiers of the ten provinces. However, when it comes to the Meech Lake portion of the discussions, it seems to me that there should be a difference.

The minister will recall that the Senate established a task force to look into the relationship of the two northern territories to the Meech Lake Accord. At the meetings of that task force, and particularly in the north, both at Yellowknife and at Whitehorse, the governments of those two territories made it very clear that they had not been consulted with respect to this

[Senator MacEachen.]

accord. They said that in the period leading up to Meech Lake, and notably with respect to a meeting in Edmonton of the first ministers, they had been told that nothing that would affect their territories would be discussed and therefore it was not necessary for them to attend that meeting. These two governments also told us that they had had no consultation, correspondence or contact from the minister who is responsible for federal-provincial relations, namely, the Honourable Senator Lowell Murray.

● (1500)

When the Meech Lake Accord became public and the territorial governments found that they were, indeed, very much affected, they immediately came to Ottawa to try to meet with the first ministers. Every attempt they made to meet with the first ministers between the Meech Lake Accord and the final accord arrived at in the Langevin Block was rebuffed. The territorial representatives were not given the opportunity to meet with the first ministers. So, with that background, I think it is understandable that the governments of the two territories are very concerned.

Given that the territorial governments will not necessarily be involved in all of the discussions of the first ministers, will they at least be allowed to participate in those discussions on the Meech Lake Accord that pertain particularly to their circumstance or to anything affecting the two territories and their people?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, they will have the opportunity in their public statements, again, to put forward their points of view. Time has been provided on the afternoon of the second day for first ministers to hear from the Premiers of Manitoba and New Brunswick, on the committee reports that those provincial governments have received, and the Premier of Newfoundland, who has some views to present on the Meech Lake Accord. However, that meeting is a private one among the 11 first ministers, and the territorial governments have not been invited to attend.

QUESTION OF PRIVILEGE

Hon. Efstathios William Barootes: Honourable senators, I rise on the question of privilege that we discussed earlier. I think that Senator Olson and I wish to declare to the Senate an act of contrition. We have looked again at *Beauchesne's*, page 113, which contains some words that are acceptable. Since 1958 it has been ruled parliamentary to use those expressions. I believe a mistake was made in not noticing that among those words that are considered acceptable parliamentary language is the word "stupid." The reference is *Debates*, August 27, 1964, page 7393. The phrase "stupid statement" is also acceptable, and the reference for that one is *Debates*, May 19, 1970, page 7087.

My act of contrition relates to the fact that the word "despicable" does not appear in *Beauchesne's* either as being

acceptable parliamentary language or unacceptable parliamentary language; so I withdraw that remark.

Hon. H.A. Olson: Honourable senators, something terrible has gone wrong. I am referring to *Beauchesne's*, Fifth Edition, page 105, where it says, about half way down the page at article 320(2): "Since 1958, it has been ruled unparliamentary"—not "parliamentary" but "unparliamentary"—"to use the following expressions . . .". There follows a list of words starting with "A", which begins with "animal" and goes on to a couple more, which I will not mention, but we eventually get to "S".

Senator Barootes: Is that page 110?

Senator Olson: No, page 113. Down near the middle of page 113 is the word "stupid", and it also indicates that it is unparliamentary to say "stupid statement". Then it refers to when the subject was dealt with in *Debates*. "Stupid" was dealt with in *Debates* of August 27, 1964, page 7393, but I do not want to read all of that into the record; I simply want to get back to page 105. I hope that Senator Barootes will look at what it says on that page, because it indicates not that these words are parliamentary but that they have been ruled unparliamentary.

An Hon. Senator: What page?

Senator Olson: Page 105.

Senator Flynn: Look at page 110.

Senator Denis: Put that in your pipe and smoke it!

Senator Barootes: Honourable senators, let me clarify my point again. In article 320(3) at the bottom of page 110, after going through the alphabet from "A" to "Z", *Beauchesne's* says: "Since 1958, it has been ruled parliamentary to use the following expressions . . .", and it goes on to refer to "arrogant, ashamed, aspersions, deceive" and so on. On page 113, by heavens, if it does not say "stupid" and "stupid statement"! So I think the honourable senator missed that little part at the bottom of page 110.

Senator Olson: Honourable senators, I call for peace. I think someone who was involved in proofreading the book should have a look at it.

Hon. Philippe Deane Gigantès: Honourable senators, since Senator Barootes has become an expert on what is parliamentary and what is unparliamentary, in case I was unparliamentary, and so that I do not repeat it, is it unparliamentary to say that the Leader of the Government in the Senate would have saved the Senate's time had he simply answered the question instead of haranguing a fellow senator like a dyspeptic, ill-tempered, flatulant school master—I nearly said "school marm;" I apologize again—school master.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I should acknowledge that "stupid" was not the appropriate word to have used in the circumstances. What I really meant was "obtuse".

An Hon. Senator: That's worse.

Senator Murray: No, it's not. It's a favourite Trudeau expression!

ANSWER TO ORDER PAPER QUESTION

CANADA-NEWFOUNDLAND RURAL DEVELOPMENT AGREEMENT

Question No. 16 on the Order Paper **By Hon. Jack Marshall:**

9th May, 1989—1. What is the status of a rural development agreement between the Government of Newfoundland and Labrador in the amount of $29.2 million, specifically as it concerns the provision of (a) an increase in the annual administrative grant to rural development associations of $9,500; (b) annual support of $250,000 to the Newfoundland and Labrador Rural Development Council; (c) annual support of $100,000 each to the Newfoundland and Labrador Federation of Co-operatives and the Credit Union Council of Newfoundland and Labrador; and (d) an expenditure of $10 million over the next five years on local community development projects which will originate from local organizations?

2. What is the status of the Labrador agreement between the Government of Newfoundland and Labrador and the Federal Government in the amount of $53.8 million to provide funding for resource and economic development opportunities, specifically (a) to increase fish processing capacity; (b) to improve fish harvesting operations on the Labrador coast; and (c) to provide funding for three medical clinics in Hopedale, Nain and Davis Inlet?

Reply by the Minister of Public Works and Minister for the Purposes of the Atlantic Canada Opportunities Agency Act:

1. On July 21, 1989 the Government of Canada and the Government of Newfoundland and Labrador signed the Canada/Newfoundland Subsidiary Agreement-Rural Development III. This five year, $29.575 million Agreement contains six programs. The Regional Development Operations Program ($12.75 million expenditures) provides financial assistance to regional development associations (up to $36,500 annually), the Newfoundland and Labrador Rural Development Council (up to $250,000 annually), the Credit Union Council of Newfoundland and Labrador (up to $100,000 annually) and the Newfoundland and Labrador Federation of Cooperatives (up to $100,000 annually). The Development Financial Support Program ($10 million expenditures) provides financial assistance to regional development associations, co-operatives and other local development organizations for the planning and implementation of community development projects. Other Programs included in the Agreement are: Human Resource Development ($2.0 million), Small Business Development ($1.0 million), Craft Industry Development ($2.825 million) and Administration ($1 million).

2. The Canada/Newfoundland Comprehensive Labrador Development Agreement was signed by Federal and

Provincial Ministers on July 21, 1989. The five-year Agreement has a total value of $53.85 million and contains an Economic Planning and Development Element ($7 million) to provide support for sustainable economic development opportunities. A Resource Industry Development Element ($17.15 million) provides assistance to the Fishery, Forestry and Tourism sectors. The Fishery Program contains funds for Harvesting Upgrading ($3 million), Resource Development ($2 million) and Infrastructure Development ($2 million). The Agreement also contains an Infrastructure Element which provides support for Water and Waste Disposal Infrastructure ($18.1 million), Community Transportation ($8.5 million) and Medical Clinics ($2.1 million). The Medical Clinics will be constructed at Davis Inlet, Hopedale and Nain.

REGIONAL FILM AND TELEVISION PRODUCTION IN CANADA

REPORT ON DEVELOPMENT—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Mira Spivak: Honourable senators, I give notice that on Thursday, November 9, 1989, I will call the attention of the Senate to the report of a study on the development of regional film and television production in Canada.

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Beaudoin calling the attention of the Senate to the Meech Lake Constitutional Accord and to the *Canadian Charter of Rights and Freedoms*.—(*Honourable Senator Nurgitz*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I understand that Senator Nurgitz has yielded to Senator Robertson.

Hon. Brenda M. Robertson: Honourable senators, it is important for us to be involved in this debate, and I am delighted to rise today and to add my voice to those of so many Canadians who have expressed their concern about the future of our country. Canada is today besieged from within. In a seemingly ever-increasing clamour, politicians of all stripes have offered their views on the Meech Lake Accord. Last week much of what has passed for debate on this issue coalesced around the reports of the provincial legislatures of Manitoba and New Brunswick. Those many Canadians seeking a consensus on Canada's constitutional future must have been sadly disappointed by the reports and the accompanying statements of their authors. As if that were not enough, we were treated to the spectacle of one provincial premier stating flatly that the word of a duly elected legislature was not worth the traditions of parliamentary law while another premier said that his own word was worth the price of an air base.

It is no wonder that so many Canadians must want to throw their hands up in dismay and wonder out loud if it is all worth it. Of course it is worth it. While our choices are limited, with good faith we can find a solution. What the solution will be, it is hard to say. This morning I was pleased to hear the Prime Minister refer to the possibility of a parallel accord. All options would have to be looked at, because, truly, Quebec's demands are very modest demands. We should bear in mind that there may be consequences if the accord fails, and I for one believe those consequences could be very damaging to the future of our country.

• (1510)

I support the Meech Lake Accord because it makes Canada whole again. That is the purpose of the accord—to bring about the signature of Quebec to the Canadian Constitution. That is why first ministers gathered in 1987 for that single purpose and that is why they were successful in reaching an accord.

Constitutional development in Canada has always proceeded in stages. There is no way that you can solve every province's problems in a single step. Those who say, therefore, that Meech does not do enough really miss the point. The Meech Lake Accord was never intended to do more than what it has accomplished, and that is why it succeeded. The accord would bring Quebec back into the constitutional fold and that, in turn, would strengthen Canada. I do not know how it could be otherwise, because how could Canada be weaker with Quebec fully participating in the Canadian federation?

In reality, the Meech Lake Accord is not just about Quebec. It is ultimately about Canada. Do we really believe that Canada can continue indefinitely with its social, economic and constitutional development without positive, active participation of one-third of Canadians? Of course, I believe we would all say that the answer is no.

The heart of the Meech Lake Accord is the "distinct society" clause. Never in my political years have I seen so much misinterpretation and misguided conjecture applied to a set of words. This clause simply recognizes one of Canada's basic sociological and historical facts: that Quebec in Canada constitutes a distinct society. This clause does no more than establish this fact as a cornerstone of the Canadian identity. It does not confer upon Quebec additional powers. It does not make it a province more powerful than the others. The accord states explicitly, in section 1.2(4), that the powers of the federal and provincial governments are not altered by the recognition of Quebec as a distinct society, and, in the end, the "distinct society" clause will be subject to the Canadian Charter of Rights and Freedoms. In the language of constitutional lawyers, the clause is interpretive, not declaratory. Section 1 of the Constitution of Canada states that the Charter will be "subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society." That, honourable senators, is the context in which the "distinct society" clause will be applied.

As a New Brunswicker, I am particularly proud of the linguistic duality provisions of the accord. I was a member of the Hatfield government that, in 1981 and 1982, fought successfully to include in the new Constitution of Canada the recognition of New Brunswick as officially bilingual. I believe the accord builds on that definition of our province through the linguistic duality provisions that recognize the English-speaking minority in Quebec and French-speaking minorities elsewhere as part of a fundamental characteristic of Canada. It further ensures that Quebec has the responsibility to preserve and promote this characteristic along with the "distinct society" clause while the other provinces and the Parliament of Canada have the responsibility to preserve the fundamental characteristic of linguistic duality.

Much has been made, particularly by the Liberal Premier of New Brunswick, of an apparent dichotomy between these two sets of expressions. Mr. McKenna says this will lead to a lessening of protection for linguistic minorities outside Quebec. If that is so, why has the Acadian Society of New Brunswick said publicly that it is not opposed to the Meech Lake Accord as it now stands? In fact, as Premier McKenna and others who purport to defend the interests of minorities should know, prior to Meech Lake there was no constitutional recognition of the responsibility of the provinces to preserve the existence of official linguistic communities in Canada. Now all provinces share that responsibility with the federal government. As for the concern that the Parliament of Canada should, at a minimum, have the responsibility to promote this linguistic duality, I would refer critics to section 41 of the Official Languages Act, which stipulates that the Government of Canada is committed, first, to enhancing the vitality of the English and French linguistic minority communities in Canada and supporting and assisting their development, and, second, to fostering the full recognition and use of both English and French in Canadian society. Surely that is what is meant by "promote". It makes one wonder if some governments are concerned more about minorities in their legislatures than minorities in their provinces.

As for my own province, that can hardly be said to be the case. Nevertheless, surely francophones in New Brunswick must be questioning the sincerity of the McKenna government on this issue when they could be taking steps right now to promote linguistic duality in the province. I refer to the entrenchment in the Constitution of Canada of Bill 88, an act respecting the equality of the two official linguistic communities in New Brunswick. In fact, the report of the legislative assembly's Meech Lake committee recommended just this. I hope Mr. McKenna will move on this particular issue. If he does, it will demonstrate more sincerity and commitment on this issue than we have seen of late.

Mr. McKenna has also claimed repeatedly that the accord will undermine the role of a strong central government in the Canadian federation, obviously at the expense of smaller provinces such as New Brunswick. He cites the spending power provisions of the accord and the unanimity rule now required for future constitutional change on some items. How giving each province, including New Brunswick, a veto on amending certain sections of the Constitution makes that province less equal than others is more than I can understand.

People should recognize that with the old amending formula constitutional change on these items could be forced upon three of the Atlantic provinces or upon all three prairie provinces without their consent. Besides, this unanimity provision did not originate with Meech Lake; it was enshrined in the 1982 Constitution with respect to the Supreme Court and the amending formula itself. What the accord does is simply expand this list to include Senate reform, the creation of new provinces and the extension of existing provinces into the territories. When you think about it for a moment, isn't each of these items of absolute significance not just to seven provinces but to all ten? Why would some provincial politicians wish to trade away their veto on getting the kind of Senate reform they want? Because that is exactly what they would do.

With respect to the spending power of the federal government, again misconception and misinterpretation are at work. Quite simply, the accord will not mean the end of any new social programs in Canada and a balkanized country. The accord recognizes, for the first time, the right of the federal government to launch programs in areas of exclusive provincial jurisdiction. How is that giving up powers? But it also means that Ottawa will have to be sensitive to regional needs and differences when launching a new national shared-cost program. Provinces choosing not to participate in such a program may opt out and receive reasonable compensation, but only if their program meets predetermined national objectives. I find it hard to find something offensive about saying that Canadians in all parts of the country will receive the same benefits of a new national program, but with the added touch of being regionally tailored to their particular needs. Neither New Brunswick nor any other province need fear the application of this provision. After all, it was our province that argued, again successfully, to entrench the principle of equalization in the Constitution of Canada.

Honourable senators, we now come to the question of sexual equality, or women's rights. Again, we hear that the accord somehow undermines the rights of women in Canada. As the basis of their argument, proponents of this view cite either the presence of the "distinct society" clause or, more simply, the fact that they are not explicitly guaranteed in the accord.

What they fail to appreciate, however, is that sexual equality rights remain guaranteed under the Charter through sections 15 and 28. The "distinct society" and the "linguistic duality" clauses have nothing to do with a person's sex. Any government that would take measures either to preserve or to promote the fundamental characteristics of Canada, as defined under the accord, would be doing so on the basis of language, not of sex. The relationship between the two is therefore academic at best. Not one constitutional expert appearing before the joint parliamentary committee that studied the accord saw a legal relationship between these concepts. Indeed, the Federation of Women of Quebec stated publicly, during their appearance before the committee, that they saw

no particular danger from the impact of the accord on equality rights. While I respect the concern of some people in ensuring that such is not the case, I believe they risk throwing out the whole accord for some form of binding legal interpretation that neither exists nor is required.

● (1520)

That brings me to the fundamental question that all of us as Canadians must face in determining where we go from here. Any politician that tells you that we can either amend or throw out the Meech Lake Accord without any cost to our country is, I believe, living in a bit of a dream world. Constitutions and constitutional amendments are not made overnight, despite the silly assertion by some that Meech appeared in that fashion. They are, instead, the painstaking fruit of a long-sought consensus, a reflection of where we are as a people and where we want to take our country. You don't simply throw all that away without a thought to the consequences. Yes, first ministers must bargain in good faith. But is it good faith to crow gleefully that Meech is dead and then expect serious observers to believe that a committee report on the accord truly seeks to save the accord? That view would hold eight other provinces, representing some 93 per cent of the population, along with the Parliament of Canada, hostage in exactly the same way they misinterpret the "distinct society" clause.

Let us suppose that those who are so violently opposed have their way. What can we expect to happen to our country? Honourable senators, I think we should make no mistake about it. I believe there is a price that our country will have to pay. I do not see this as a threat but as a simple reality of our time. All future constitutional reform based on consensus would be stalled. Quebec would simply not participate, as was the case under the Parti Quebecois. Furthermore, the ultimate veto for amending those sections of the Constitution not requiring unanimity would, for practical purposes, pass to Ontario. I am not sure this is better for national unity. Do you honestly believe that the Maritimes and western Canada would find this acceptable? Senate reform, which we hope must eventually come to pass, would never happen, because the 1982 Constitution Act provides for Senate districts in the province of Quebec as an example. The National Assembly in Quebec would simply not pass any resolution in favour of Senate reform that was developed at the constitutional table without their participation. Without Meech the Government of Quebec simply would not participate; we know that.

Those who oppose the Meech Lake Accord, or who wish to amend it, claim history on their side in pointing to the dire consequences that would erupt should it pass as it is. How soon, honourable senators, they forget. They should review the history of the referendum debate of 1980. At that time Canadians asked Quebecers to have faith in Canada.

As our Prime Minister stated in Sept-Iles in August 1984:

> Very few of those who said, "Yes", to Quebec said "No", to Canada, and no one who said, "Yes", to Canada said, "No", to Quebec.

[Senator Robertson.]

Such was the promise of renewed federalism made not just to Canadians in Quebec but to Canadians everywhere. Politicians know that breaking a promise with a voter offers risks, but do we have the right to ask our country to share that kind of risk? Canadians have a responsibility to demonstrate that they were serious in 1980 about constitutional reform and that they truly want the full and active participation of Quebec in the Canadian constitutional family.

For if we say no to Quebec in rejecting Meech Lake, and that is how it will be seen in that province, I am afraid, then we are saying no to Canada as it now stands. What would keep Quebec in Canada afterwards? These are practical questions that we have to ask ourselves. Those who would say that that is not their problem should perhaps be reminded that four provinces lie on the other side of Quebec. The so-called Reform Party of Canada, which only this past weekend said it could live with a separated Quebec, should consult a map of Canada. The consequences to western Canada may not at first glance seem particularly bad; I cannot comment on that because I am not a westerner, but I can say unequivocally that they would be disastrous for Atlantic Canada.

Senator Macquarrie: Hear, hear!

Senator Robertson: We would be cut off from markets in the rest of Canada. Natural exchanges between Quebecers and Maritimers would be hindered. Tourism and trade would both suffer. And for what? To satisfy the insecurities and the prejudices of a few?

It is an accepted fact in the Maritimes that our region was far better off before Confederation than at any time since. Maritime ships made from maritime lumber traded maritime goods all over the known world. Over 100 years of centralized tariffs, under the guise of national policies, coupled with immigration policies, transportation policies and legislation that encouraged newcomers to settle in the west and that have practically severed our economic ties, have sapped the Maritimes' economic base. By the late 1960s George Rawlyk, in his analysis of the impact of Quebec separation on the Atlantic provinces, said that the region had become "virtually dependent upon Ottawa for their continued survival." As most of us know, the situation has not improved very much since then. We are still dependent upon federal government transfers and handouts, and God knows when that will end.

It is for these reasons that some Maritimers say we need a strong central government. I could not agree more. However, I disagree that this means we should reject the Meech Lake Accord. I would ask these people how they think our region could withstand living in a Canada cut off by a separate Quebec. This would increase our dependence upon the rest of Canada, not lessen it. Some of you will remember Frederick Fletcher; in an article entitled "The View from Upper Canada," he said that the people of Atlantic Canada would find themselves:

> . . . in a substantial deficit position with respect to Ontario but (with) little leverage to press for concessions. The risk is that (Atlantic Canada) would slide into an abject

> third-world poverty... The federal government would have to make substantial transfers from Ontario and the West to keep (the region) going.

For my part, I do not see this as any kind of future at all for our region of our country.

Canada must be bigger than that, honourable senators, and I believe that we are bigger than that. But I fear that too many of our fellow Canadians are too quick to write off the consequences. We are rapidly reaching a state where a "no" to Meech Lake will be seen as a "no" to Quebec—and from there the writing may well be on the wall.

Unfortunately, some have cited Bill 178 in Quebec and the use of the "notwithstanding" clause as an example of what is wrong with the accord. They get everything all mixed up. They say that this is proof that Meech Lake gives too much to Quebec. Of course, nothing could be further from the truth.

As we all know, the "notwithstanding" clause was enshrined in the 1982 Constitution Act, not in the accord. Its use was guaranteed by another series of constitutional amendments, not these. Indeed, it has been used by other governments than Quebec. It is very likely that the National Assembly in Quebec would have passed a similar law, given the present linguistic circumstances in Quebec, regardless of whether or not Meech Lake existed. I for one, however, believe that had Meech Lake been passed with the "distinct society" clause in place, with its recognition of French and English Canadians in Quebec as a fundamental characteristic of the Quebec distinct society, then Bill 178 would have had to meet the test of preserving the rights of English Quebecers. In that instance, when tested before the courts, the "distinct society" clause would not have been sufficient to justify Bill 178, as some now claim. Instead, the "notwithstanding" clause would have had to be used just as it was. Therefore, the accord could well have been invoked to protect the rights of anglophones in Quebec.

In my province of New Brunswick I have been increasingly disheartened by the backlash developing against francophones. I am sure Senator Robichaud understands what I am saying, because there has been a lot of it in our province in the press lately and in general conversation. Ancient fears and frustrations are once again rising to the surface. It, too, has taken its toll on the Meech Lake Accord. I sincerely believe, honourable senators, that Acadians in New Brunswick will be the first to suffer if the Meech Lake Accord is not passed.

The laissez-faire attitude of the McKenna government towards the problem was captured in the legislature's select committee report—a report that seems designed more to generate political flexibility for the premier than to take a firm stand on the accord. He says that he is looking for a way to save the accord. I am encouraged by that, and I sincerely hope that he is; but I do hope, honourable senators, that he offers more support than he did for free trade, an issue which he was in favour of. After all, one can easily trace the beginnings of opposition to the accord to Mr. McKenna's original dissent. That is where the dissent seemed to start. So whatever happens prior to or after June 23, 1990, the position of the Premier of the province of New Brunswick will be well acknowledged. We are watching.

● (1530)

Honourable senators, our country is racked by tensions and divisions. They are all the more serious because they follow the promise of a renewed Canada made in the days following the Quebec referendum. I do not believe we should underestimate the dangerous road ahead of us. We will quite simply not make it down that road if we do not take note of the signposts along the way—signposts that warn of the dangers of intolerance and neglect. Day after day in eastern Europe we hear the cries for freedom. In own country, Canada, the cry is for equality, and I think we would be very wise not to take any of it for granted.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, with your permission, I shall take part in the debate this afternoon, since we are going to adjourn at the end of this sitting until next week. Therefore, in view of my obligations elsewhere, I would really regret it if I could only speak next week. Thank you for allowing me to speak at this point.

Let me also thank Senator Robertson for her extremely articulate presentation. On hearing what I have to say to you, you will note that there are many similarities between her presentation to you and mine. The two are complementary.

I find it significant that the Meech Lake Accord is perceived thus by a senator from New Brunswick and a senator from Quebec. That is extremely significant and in a way reflects what happened in the Langevin Block when all the first ministers agreed on the text before us.

Honourable senators, in the debate on the Meech Lake Accord, as positions crystallized, some misunderstandings became entrenched.

Among the many who have spoken out vigorously in recent days are the three premiers who will take part in their first federal-provincial conference next week and who hold the future of the accord in their hands.

We also heard a polemical voice from the past make a proposal that was paradoxical, to say the least, and as full of intentional ambiguity as a certain statement made during the 1980 referendum campaign: "Let us throw out the Meech Lake Accord and start negotiating all over again on the basis of Quebec's five conditions, which after all are reasonable!"

In this context, where more and more confusion has been created, it seems useful to me to recall how the Meech Lake Accord arose in the first place, to retrace the steps followed by the eleven first ministers of Canada who reached the agreement they signed on June 4, 1987. I will then show that this accord, far from being an exclusively "Quebec deal", as some claim, is indeed an "authentically Canadian deal".

On this point, honourable senators, you will note one of the similarities I just mentioned between Senator Robertson's presentation and mine.

The long road that led to Meech Lake first began in Sept Îles in August 1984, when Mr. Mulroney made the following committment:

> The objective I have set for myself and which I repeat here is to convince the National Assembly of Quebec to give its assent to the new Canadian Constitution with honour and enthusiasm.

It was the first turning point, and to my mind the most decisive one for the events that followed.

The impact of this invitation to resume the constitutional dialogue between Quebec and Canada was clearly apparent from the reaction of the Quebec government of the time, in the fall of 1984, when Mr. Mulroney became Prime Minister of Canada. Mr. Lévesque agreed to take what he qualified as a "splendid risk". He started the process that was to lead up to that day in May 1985, when he handed to Mr. Mulroney, and this is something we too often forget, a document in which he outlined the basis on which talks could be held. It was a detailed document that was certainly an attempt to clear the way to the difficult compromises he would have to make if the talks were to have the slightest chance of succeeding, despite the ideological tendencies of the party he happened to lead. We know what happened subsequently.

In this context, I think we can more readily understand why it was not easy for Mr. Bourassa and his political party to summarize in a few short points the conditions under which Quebec would return to the Canadian constitutional fold. To do so, he had to set aside a number of Quebec's traditional demands for renewal of the federation, especially those that would have involved changes in power sharing, demands that had been expressed during the 20 or so previous years. Realizing that Quebec first had to get out of the anomalous and intolerable situation that had existed since the patriation of the Constitution in 1982, Mr. Bourassa kept his demands to a strict minimum and made these part of his party's electoral platform. Quebecers gave them a majority, so they had a democratic mandate from the people. That was the second significant event.

The third occurred at the annual conference of provincial premiers held in the summer of 1986 in Edmonton. Following the letter they received from Mr. Mulroney in July, the provincial premiers accepted Mr. Bourassa's proposal to postpone their own claims until later, considering the legitimate prospect of a genuine renewal of the federation. They agreed that initially, to break the deadlock created in 1982, they would have to concentrate on the items identified by the Quebec government.

● (1540)

So we had Quebec putting the demands so often formulated by previous governments on the back burner and the other governments agreeing to limit the debate to the five points submitted by Quebec, and it was in this context that the talks started and continued with great intensity in the fall of 1986 and the winter of 1987.

In his speech at Sept Îles, a turning point in the 1984 election campaign, Prime Minister Mulroney had already said clearly and concisely:

> I am prepared to examine with the provinces a series of options for reworking the amending formula. However, aware of the importance and complexity of federal-provincial issues, I will not entertain an ambiguous or improvised approach to constitutional initiatives. To proceed otherwise would do more harm than good. Before taking any steps that might again lead to a deadlock, it is necessary to identify the terms and objectives and to have a fighting chance of success.

This prudent approach was obvious when the Prime Minister of Canada had to decide when a constitutional conference could be held. He waited until March 1987. Convinced at the time that on the basis of progress made in previous months, there was a reasonable chance of success, he invited his provincial counterparts to the conference that was held at the end of April at Meech Lake. How many observers really thought at the time that the eleven first ministers of Canada would reach an agreement? No journalist or politician had ever seen it happen before. It did happen, however, despite all the risks and doubts, and to everybody's amazement, on April 30, the 11 government leaders agreed to instruct their legal experts to draft, in the form of a constitutional text, the agreement in principle they had reached.

A month later, they were meeting again, at a constitutional conference in the Langevin Building. Those who attended this decisive conference can tell you that drafting the final text was a laborious and arduous task. Various concessions had to be made, but the job was done.

After the long sequence of events I have just described, how could anyone claim that the agreements reached on June 4 were dashed off in a hurry and improvised, or as someone said: At Meech Lake and the Langevin, the first ministers of Canada behaved as though they were in an open bar? I would rather not comment.

Senator Chaput-Rolland: Hear, hear!

Senator Tremblay: To those who live in Quebec, the only province left out of the 1981 Constitutional Accord, the ratification of the Constitution Bill of 1987 is particularly important.

The issue is even the focus of the political commitment of some of my fellow caucus members.

All Quebecers see the accord first as rectifying an historic injustice. However, it would be wrong to believe that the ratification of Meech Lake is strictly a problem for Quebec. Meech Lake is basically a Canadian problem, and if it is not ratified, Canada will be the weaker for it.

Some Hon. Senators: Hear, hear.

Senator Tremblay: In 1981-82, for the first time in our history, the powers of a province were modified without its consent. The Quebec government reacted to this state of affairs by refusing to participate in subsequent federal-provincial conferences.

Did this reaction, which was quite normal and predictable in the circumstances, create a problem that was exclusive to Quebec? Certainly not. As Senator Robertson pointed out, the constitutional development of Canada as a whole was in serious jeopardy as a result of the absence of a province that contains one-quarter of the population of this country.

This kind of situation could not go on without causing increasingly irreparable damage to the integrity of the Canadian federation. It was therefore necessary to remedy the situation as soon and as satisfactorily as possible. The result was Meech Lake. Does it do so in terms that are strictly concerned with the demands of Quebec?

In this perspective, I think we should take a look at what happened during the negotiations on the various points raised by the Quebec government.

Let us consider the veto claimed by Quebec, for example. Mr. Rémillard expressed his position on it this way in May 1986:

> We claim a veto right to protect ourselves adequately from any constitutional amendment that would be contrary to Quebec's interests.

To what constitutional amendments did the veto claimed in those terms have to apply, so that it could meet such a generally worded requirement?

Was it really a veto that would apply to "any amendment that was contrary to Quebec's interests"? Was it in effect restoring the Victoria veto to the general amending formula?

In 1985-86, it could not be taken for granted that Quebec had definitely given on up the Victoria veto; Premier Bourassa's preferences were still perhaps along those lines. But the uncertainty on that subject would soon be dispelled; the veto actually called for was more specific and limited to amendments affecting federal institutions, including the Senate, for example.

A key question still had to be resolved: Would Quebec be the only province to have a veto and thus acquire a special status?

An exclusive veto for Quebec would surely contradict a principle already recognized implicitly in the general amending formula since 1981 and explicitly stated in the preamble to the Meech Lake Accord: the principle of the "institutional" equality of the provinces, regardless of the size of their population or territory.

Thus, for the items listed in section 42 of the 1981 Constitution Act, in particular, proportional representation of the provinces in the House of Commons, powers of the Senate, mode of selection of senators, the Supreme Court, creation of new provinces, we have gone from majority rule, the 7/50 rule, as it is often called, to the unanimity rule, thus converting what could have been Quebec's exclusive veto into one shared with all provinces. Is the unanimity rule too rigid? According to Clyde Wells, the recently elected Premier of Newfoundland, it would, among other things, make Senate reform much more difficult, if not impossible. If Mr. Wells is so convinced that he is right for the future, why does he not propose that the obviously more flexible 7/50 formula, the simple majority, apply to Meech Lake itself? The matter would be settled and he would not have to worry about it.

But let us be more rigorous than those who seem to be put off by the unanimity rule, because of its rigidity. We must make a real choice when amending the Constitution for the subjects at issue: either we maintain the 7/50 rule and the Senate, in particular, could be reformed without the agreement of Ontario or Quebec or any combination of three provinces with less than 50 per cent of the population or we admit that on such topics, the federal government and all provinces must agree. Is the unity of the country more threatened by unanimity than by a simple majority? It seems to me quite obvious that the opposite is the case.

Honourable senators, whatever happened to that other condition, that Quebec be recognized as a distinct society? In that regard, there has been another change just as significant along the way.

As far as I know, the fact that Quebec is a distinct society is not being challenged. But there is reluctance to accept the fact that it is the only one among the Canadian provinces.

It might surprise you to hear a French-speaking Quebecer say that what makes Quebec a distinct and unique society in Canada is not primarily its French identity.

What makes Quebec different and unique as a society, I repeat, as has been recognized for more than two centuries by the British Crown, is its civil code.

What are we referring to when we talk about the civil code? We are referring to what governs a whole range of interpersonal relations in a great number of areas that make up the fabric of a society. If that were the only thing defining Quebec, we would be fully justified in saying that Quebec is a distinct and unique society within Canada.

Of course, as I said, there is also its French-speaking majority. But civil law transcends the languistic factor and its related culture; it governs all Quebec citizens, be they anglophone or francophone.

The Attorney General of Ontario, Mr. Ian Scott, said so in his own way before the Ontario legislature committee studying the Accord.

• (1550)

[*English*]

Finally, the recognition of the distinctness of Quebec has been the cornerstone of both our political practice and our constitutional law since the Quebec Act of 1774. One need only look at the special provisions dealing with the province of Quebec in the British North America Act of 1867 to grasp the fundamental way in which the distinctiveness of Quebec has shaped our constitutional tradition.

[*Translation*]

William Lederman, distinguished constitutionalist and professor emeritus of the Law Faculty, Queen's University, expressed the same views before the Joint Committee of the

Senate and the House of Commons on the Meech Lake Accord:

> Ever since 1867, the Courts have always recognized Quebec as a distinct society in many respects. Quebec's unique character has always weighed heavily in all constitutional decisions closely affecting this province. This has always been recognized implicitly.
>
> I suggest this would be an opportunity for making explicit what has always been implicit: this reality has always been one of the basic characteristics of the Canadian society, free and democratic.

Although the reality of Quebec's distinct society is beyond question, the 11 first ministers were not satisfied with recognizing it. The negotiations have again widened the perspective of the Canadian entity to such an extent that, once reached, the accord makes a major contribution to the constitutional definition of the Canadian identity.

The first ministers stated, and I quote:

> That the existence of French-speaking Canadians, centred in Quebec but also present elsewhere in Canada, and English-speaking Canadians, concentrated outside Quebec but also present in Quebec, constitutes a fundamental characteristic of Canada.

Indeed, we already were well aware of the fact that the linguistic duality was part of the Canadian reality, but the Constitution did not recognize it as a basic characteristic of the Canadian identity, just as we knew already that Quebec was a distinct society, something the Constitution had failed to mention.

That the Constitution should from now on include both, if only as interpretative clauses, enhances somewhat these facts of observation and transform them from mere sociological realities into real values.

In this sense, the Meech Lake Accord completes the description of our national identity, originating from the 1982 Constitutional Act which recognized the basic rights of Canadian citizens, the rights of native people, the multicultural nature of the Canadian society and the importance of equalization payments in the fight against regional disparities.

Interpretative clauses such as those dealing with the linguistic duality or Quebec as a distinct society do not create a new balance of power. In this respect, it is clearly indicated that these clauses do not change anything to the powers of the two levels of government. But they describe a new way of perceiving Canada as a whole on the one hand, and the place of Quebec within this whole on the other.

It is precisely in that respect, in the order of meanings, that the Meech Lake Accord brings an undeniable and major contribution to the constitutional definition of the Canadian identity.

In some international situations in particular the matter of the protection and respect of the cultural and political sovereignty of Canada obviously comes to mind. In such situations, the entrenchment in the most fundamental law of the country of the two basic characteristics of Canadian identity, as described in the Meech Lake Accord, gives our identity a status it would not otherwise have and puts a stop to any challenge by foreign countries.

Is it reducing or distorting the nature of our federalism than to define it by what other countries consider its unique features?

If Meech Lake is no longer a "Quebec matter" because it recognizes Quebec's distinct society, could it be so because of the proposed amendment to clause 40 of the *Constitution Act 1982*?

You will recall that even at that time this clause provided fair financial compensation to any province which chose the status quo, deciding to keep the legislative powers it already had instead of transfering them to Parliament, if, of course, those powers related to "education or other cultural matters".

The Meech Lake Accord extends that principle to all provincial powers instead of restricting it to powers relating to education or culture.

Does that mean the Canadian federation and our country's unity are thus placed in jeopardy? Not according to Mr. Trudeau. You will undoubtedly remember that when he appeared before the Senate Committee of the Whole in March, 1988, he told us something I didn't know—that in 1981 he offered Mr. Lévesque the very same extension proposed in the 1987 agreement. Mr. Lévesque did not follow up on it, because he probably thought it was not good enough. In any case, neither section 40 of 1982 nor its Meech Lake version concern Quebec but rather all provinces empowered to avail themselves of the financial compensation that is provided. Once again, Meech Lake is not a "Quebec matter" only but a "Canadian matter".

There is no mention of Quebec either in section 7 pertaining to federal spending power in an area of exclusive provincial jurisdiction. I will not read the text that we all know so well. Let us go on with this.

In the mind of some opponents, that would be the most menacing provision because it threatens to weaken the federal government, indeed prevent it from playing its role of a true "national" government when the general interest of Canadians would call for its intervention, even in an area of provincial jurisdiction.

To the contrary, as Senator Robertson emphasized, for the first time, with Meech Lake, the Constitution would recognize the federal government's power to establish new "national" programs to be financed jointly with the provinces in areas where they have exclusive legislative jurisdiction.

But of course, concerns are not focused on this "clarification", to say the least, that Meech Lake brings on matters where the federal spending power can apply. They focus rather on the opportunity given to provinces which would themselves implement a program compatible with the objectives of a "national" program, to get directly as fair financial compensation the money the federal government itself would spend otherwise in those provinces for that program. More particu-

larly, there is no objection to the very idea of fair financial compensation; the objection is to the fact that it is subject to no stricter conditions than compatibility with national objectives of the program.

Some would like those conditions to comply with norms, standards or whatever?

This is precisely where the very question of substance should be asked. How far would the Canadian government be prepared to go without exceeding its legislative jurisdicition and thereby expressly trampling on the power sharing clause of the Constitution? Meech Lake opponents should have the courage to say whether they are ready to change the existing sharing of powers and transfer to the Canadian government certain matters that are strictly provincial.

Those who signed the Meech Lake Accord were not ready to go that far because they were agreed, as a first step, to go no further than what was required for Quebec to patriate in turn. And this is why they went to the trouble of stating that that clause in no way widens the legislative jurisdiction of either level of government, federal or provincial.

The compromise reached was not limited however to the Quebec proposal concerning the spending power. Again they widened the perspective to Canada as a whole.

The same thing can be said as far as the exercise of federal and provincial jurisdiction in the area of immigration is concerned.

This is a case of a joint jurisdiction under section 95 of the Constitution Act, 1867; but federal legislation has pre-eminence over provincial legislation. Various agreements were reached in the past to coordinate the actions of both levels of government, and Quebec requested that the experience established as far as it was concerned be enshrined in the Constitution. Discussions led to the same conclusion as in other cases—all provinces, rather than Quebec alone, could enshrine any agreement they might reach with the Canadian government in the area of immigration.

We cannot avoid the same conclusion when reading sections 2 and 6 of the agreements, which provide that provinces will share in the appointment of Senators and Supreme Court justices.

There is no specific reference to Quebec in the provision concerning the appointment of senators. It applies to every province.

In the case of Supreme Court justices, it is provided that at least three justices must be members of the bar of Quebec. Except for this provision, which also is to be found in the existing Supreme Court Act, the formulation is the same as far as provincial consultation is concerned:

> The Governor General in Council appoints someone whose name was submitted by the province involved when there is a vacancy.

So, an examination of the various points submitted by Quebec and their resolution in the Meech Lake Accord clearly shows that the accord is not a "Quebec issue" but clearly a "Canadian issue".

Meech Lake is both a "Quebec issue" and a "Canadian issue" because it involves both Quebec's uniqueness and the legitimacy of the Canadian federation.

The fact remains that perhaps some of the misunderstandings about Meech Lake which prevail in certain quarters affect us Quebecers more directly than other people.

For instance, some people would have us believe that Meech Lake threatens the rights of English-speaking Quebecers because it acknowledges that Quebec is a distinct society in Canada.

Nothing could be farther from the truth: as we have seen, the distinct society clause is linked to the clause which recognizes Canada's linguistic duality and which clearly refers to Quebec's anglophone minority as it does to francophone minorities in the other Canadian provinces.

Neither clause takes precedence over the other.

And the accord provides that Quebec, like all the other Canadian provinces and the federal Parliament, has responsibility for protecting the linguistic duality of the country at the same time as it promotes its characteristic as a distinct society.

Those who liken the distinct society clause to the notwithstanding clause are mistaken as well. Senator Robertson stressed that point.

The notwithstanding clause is included in the *Constitution Act, 1982*, and it is that clause which allows all Parliaments, federal and provincial, to override certain provisions of the Charter of Rights. The Meech Lake Accord has nothing to do with the notwithstanding clause, so much so that even after ratification the National Assembly, I believe, should have resorted to the notwithstanding clause instead of the distinct society clause to make sure that legislation such as Bill 178 would not be subject to constitutional challenge.

In conclusion, honourable senators, allow me to recall the words of a great Canadian whose voice was heard recently over the cacophony of Meech Lake opponents.

In a speech delivered October 19 at Dalhousie University, the former Premier of Nova Scotia and former Leader of the Progressive Conservative Party of Canada, the Honourable Robert Stanfield, had this to say at the end of his exhaustive analysis of the accord:

• (1600)

[*English*]

> I ask English-speaking Canadians to summon enough common sense to save our country from disaster. We have been given a second chance. We would not deserve a third. . . .
>
> The importance of Meech goes beyond the changes it proposes.
>
> For the Quebec government and non-separatist Quebecers it represents the formal acceptance by the rest of Canada that a francophone presence and space exists in Canada, is essentially part of the Canadian fabric and

contributes to defining the Canadian identity. For the federal government and for the provincial governments which support Meech Lake, it represents, not a weaker Ottawa, but a new vision of the federal-provincial relationship and hopefully the end of the debate about the place of Quebec in Confederation.

[*Translation*]

As he did so often during his long political career and when he held high office, Mr. Stanfield is appealing to the clear-mindedness and sense of responsibility of Canada's leaders and the Canadian people. I remain convinced that this appeal will finally be heard.

Hon. Phillipe Deane Gigantès: Honourable senators, would you allow me to ask a question? An interpretive clause will be interpreted by the legal system, will it not?

Senator Tremblay: If I might make a correction, honourable senators, it is a clause that makes it possible to interpret the system. It is the other way around.

Senator Gigantès: So, with an interpretive clause, the Supreme Court has the last word, does it not?

Senator Tremblay: Honourable senators, the last word, that is, the way a matter referred for interpretation will be decided, will of course come from the courts.

Senator Gigantès: So, honourable senators, if we want an interpretive clause and accept it in an agreement, it is sort of a moral commitment to accept the judgements of the legal system based on that clause.

Senator Tremblay: Honourable senators, what you have just said seems to me to be a statement of the obvious.

On motion of Senator Gigantès, debate adjourned.

[*English*]

BANKING, TRADE AND COMMERCE

THIRD REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the third report of the Standing Senate Committee on Banking, Trade and Commerce (budget re study of Canadian Financial Institutions) presented in the Senate on Tuesday, October 24, 1989.

Hon. Sidney L. Buckwold: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

THIRD LATIN-AMERICAN AND CARIBBEAN MEETING OF PARLIAMENTARIANS ON ENERGY AND PETROLEUM FOURTEENTH WORLD ENERGY CONGRESS

PARTICIPATION BY STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES—REPORT PRINTED AS APPENDIX

Hon. Daniel Hays rose, pursuant to notice of Tuesday, October 24, 1989:

That he will call the attention of the Senate to the participation by the Standing Senate Committee on Energy and Natural Resources at the Third Latin-American and Caribbean Meeting of Parliamentarians on Energy and Petroleum held in Caracas, Venezuela, and at the 14th World Energy Congress held in Montreal.

He said: Honourable senators, I will be brief. I have asked for this inquiry to draw your attention to the participation of a delegation from the Canadian Senate in two important events: The Third Latin-American and Caribbean Meeting of Parliamentarians on Energy and Petroleum, held in Caracas this July, and the 14th Congress of the World Energy Conference, held in Montreal this September.

I will make general observations about the value of these conferences to the work of the Standing Senate Committee on Energy and Natural Resources. Senator James Balfour and I attended the conference in Caracas and Senator Earl Hastings and I attended the World Energy Conference. I believe that they will also speak to this inquiry to offer their comments about these events.

• (1610)

In the case of the Venezuelan Energy Conference, our participation resulted from an invitation extended to your committee by the conference chairman, the Honourable Deputy Dr. Humberto Calderon Berti of Venezuela. Dr. Calderon Berti was continuing a tradition begun with the first of these Latin American energy meetings. The Senate Committee on Energy and Natural Resources has been one of the few outside groups invited to attend the annual meeting.

This is the second time that your committee has accepted this invitation and has had the honour of representing the Senate at this conference. Last year a delegation headed by Senator Earl Hastings attended the second annual meeting, held in Bogota, Colombia. It is a testament to the strength of the ties that link Canada to the nations of South, Central and Caribbean America that this invitation has been extended. It is also significant that the nations of Latin America value the presence of Canada at these meetings.

We accepted the invitation because we wanted to know more about energy developments in this part of the western hemisphere and because Venezuela, a member of OPEC, has been one of Canada's most important sources of offshore oil. The meeting also offered an opportunity to improve understanding and to strengthen communications among parliamentarians from Canada and the participating Latin American and Caribbean countries.

I was particularly impressed by the frankness with which the delegates discussed the energy problems and prospects of the region. We were privileged to view the energy situation in Latin America through the eyes of parliamentarians who must cope with extraordinary difficulties on a daily basis: whether it is the crushing burden of external debt, one-fifth of which is concentrated in Latin America's energy sector; the dislocations to energy systems caused by natural events such as earthquakes and hurricanes; or the disruptions of energy lifelines caused by guerilla attacks.

We returned with a first-hand understanding of Latin America's energy situation and, in particular, the degree of importance Latin Americans attach to the impact of the debt crisis in their countries.

Latin America and the Caribbean owed $424 billion U.S. in long-term, external debt at the end of 1987. In the view of the conference delegates, the debt problem is the most serious economic crisis that Latin America has faced in the 20th century, apart from the great depression. It was also made clear that, despite the region's concern with environmental degradation, there is little that these nations can do to address that set of problems until there is a resolution of their debt crisis. When a country's economic and social stability is imperiled, there is little opportunity to address environmental concerns.

It is important that our government, which has recently been preoccupied with energy relations with the U.S., not overlook our other neighbours in the western hemisphere. Canada can play a more active role in the future by extending assistance to Latin and Caribbean America, especially in the energy sector. I believe that Canada can play a key role in resolving the debt crisis in that region.

It is indeed a pleasure to record the many kindnesses that were extended to us during our visit. Our Venezuelan hosts and the other conference delegates made us most welcome. Petroleos de Venezuela, the state-owned oil company, put its resources at the service of the conference, particularly for travelling to energy and industrial facilities in various regions of the country. Another state-owned company, Corporation Venezolana de Guayana, hosted the delegates in the state of Bolivar, site of the huge Guri Dam and hydro facility, as well as what is to be the world's largest aluminum smelter.

I am pleased to acknowledge the assistance of the Embassy of Venezuela in Ottawa, our Departments of Energy, Mines and Resources and External Affairs, which provided us with background information prior to our travelling, and the Canadian Embassy officials in Caracas who assisted us during the conference.

The second major conference that engaged your committee during the summer recess was the Fourteenth Congress of the World Energy Conference in Montreal. This event, held by the 65-year-old organization every three years, is the premier international gathering of energy experts, and was convened this year, for the first time ever, in Canada. The World Energy Congress, which attracts representation from the majority of the world's nations, provides a unique opportunity to hear the leading thinkers of the day on all aspects of the subject of energy.

The delegation to the Fourteenth World Energy Congress consisted of myself and Senator Earl Hastings, accompanied by Timothy Wilson, in his capacity as the committee's clerk, and by Dean Clay, as the committee's consultant. Unfortunately, Senator Jack Austin, who was registered for the conference, was called away on a family matter on the first morning of the meetings.

It was gratifying to observe the manner in which environmental issues occupied the attention of the Montreal delegates. Environmental concern has been muted in past congresses, and the attention that it was given in Montreal attests to the importance now being accorded to environmental problems. It also reflects the fact that environmental issues were high on the agenda of the Canadian organizers.

I am happy to report that we saw Canadian energy experts in the forefront of this move to develop environmentally responsible energy planning.

It is particularly important today that Canadians know more about the energy affairs of other countries, because we are linked to the sometimes volatile international oil market through our growing imports of crude oil into eastern Canada; our fate is tied to that of all nations through the energy-related emissions of greenhouse gases into the atmosphere and the resulting climatic change.

I can advise honourable senators that your committee is working to strengthen that understanding, and the Caracas and Montreal conferences were important steps in the process. Next week a delegation from your committee will travel to Washington for a comprehensive review of the current U.S. energy situation and what is motivating American energy policy-making today. I look forward to sharing that information with you as well.

Honourable senators, if I may return to the Third Annual Latin-American Energy Conference, we have prepared a rather lengthy report on those proceedings and I would ask leave to have those remarks printed as an appendix to today's proceedings.

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

Hon. Senators: Agreed.

(*For text of report, see Appendix "B", p. 665.*)

On motion of Senator Hays, for Senator Balfour, debate adjourned.

INTER-PARLIAMENTARY UNION

EIGHTY-SECOND CONFERENCE, LONDON, ENGLAND—DEBATE ADJOURNED

Hon. Nathan Nurgitz rose, pursuant to notice of Wednesday, October 25, 1989:

> That he will call the attention of the Senate to the Eighty-second Conference of the Inter-Parliamentary Union held at London, England, from September 4 to 9, 1989.

He said: Honourable senators, I should like to take a few moments of your time to present to you the report of the Canadian group of the Inter-Parliamentary Union dealing with the Eighty-second Inter-parliamentary Conference held in London, England, between September 4 and 9, 1989.

This year is the centenary of the union, and our British hosts organized a fine program that was a fitting tribute for the

occasion of this important milestone in the work of the union. Nearly 750 legislators, including 70 Speakers and Deputy-Speakers, from over 100 countries gathered to celebrate this special event. We were honoured during the first few days of the conference with the presence of our own Speaker, the Honourable Guy Charbonneau, and the Speaker of the House of Commons and a delegation of senior parliamentarians, including such notables from our own chamber as Senator Allan J. MacEachen and Senator C. William Doody.

While the flags of the member countries flew on the lawn opposite Westminster Abbey, Her Majesty Queen Elizabeth II, officially opened the conference in Westminster Hall amid pageantry suitable to the auspicious occasion. Various special activities were held during the week to make the centenary celebration a memorable event.

The British group had a special reason for celebrating, because one of the two co-founders of the union was a British legislator. Sir William Randall Cremer founded the Workers Peace Association to resolve conflicts in peaceful ways. In France he found an active ally in the founder of the French peace movement, Frederick Passy. Together they formed, in 1889, the Inter-Parliamentary Union for International Arbitration, with Belgium, Denmark, France, Great Britain, Hungary, Liberia, Italy, Spain and the United States of America as members.

● (1620)

There are currently 112 members of the union. You may be interested to know that the Canadian group is the eighth largest contributor, following the United States, the U.S.S.R., the United Kingdom, the Federal Republic of Germany, France, Japan and Italy. It is also highly regarded by other delegations for playing an active role in the union's various endeavours. For the past four years one of our colleagues from the other place, Mr. Benno Friesen, a member from British Columbia, has been a member of the IPU Executive Committee.

I should like to mention briefly some of the work undertaken by our Canadian delegates.

The peaceful uses of outer space was the first topic on our agenda. Not only did Canada participate in the plenary debate on the subject but Canada was selected to sit on the drafting committee to prepare a resolution for adoption at the final plenary. I am pleased to report that a considerable portion of the draft text submitted by the Canadian delegation was incorporated into the final document.

The second topic on our agenda was: "Population and food equation and the search for rational and efficient solutions to the problem of Third World debt to ensure that the world can eat." Our honourable colleague, Senator Fernand Leblanc, participated in the plenary debate, making reference to the work undertaken by our Standing Senate Committee on Foreign Affairs on Third World debt.

At each conference there is an opportunity to vote on a supplementary item to be included on the agenda. Four topics were submitted: the difficulties in China; the situation of the Turkish minority in Bulgaria; the election in Namibia; and the Iran-Iraq war. At the meeting of the western democracies, known as the Twelve-Plus Group, the Turkish delegation, at my prompting, offered to withdraw its proposal if the members of the Twelve-Plus Group agreed to issue a statement on this subject. Representatives from Belgium, Canada and Norway agreed to serve on the drafting committee, which was chaired by Mrs. Sheila Finestone, one of our Canadian delegates.

You will be interested to learn about the results of the voting on the supplementary item. Prior to the vote the proposal on the Iran-Iraq war was withdrawn. The motion to accept the proposal on China received 335 yeas, 393 nays, and 509 abstentions. The conference was not anxious to deal with the problems of China. After that defeat, the proposal on Namibia was adopted by consensus.

I should explain that it was evident from the discussions at the preconference meeting of the Twelve-Plus Group that there was a strong split among the western democracies on the question of embarrassing China at this time. There was a view that the conference should concentrate its activities on subjects where strong international support could have a positive effect, and therefore there was greater interest in the election in Namibia.

The Canadian group also played a role in bringing the question of the escalation of violence in Lebanon to the attention of the conference. Under the statutes of the union, there is a provision for the inclusion of an emergency supplementary item on the agenda for subjects which arise in the 30 days prior to the opening of a conference. We felt that the escalation of violence in Lebanon during the month of August constituted such a situation and submitted this topic along with draft resolutions. Regrettably, the steering committee ruled that our proposal did not meet the criteria. I protested this decision during the plenary, where there was widespread support for our initiative. Members of our delegation met with legislators from various Arab countries and prepared a revised draft resolution. As a compromise, the president of the conference issued a statement containing all of the paragraphs in our revised resolution.

I should also like to mention the work of Senator Joan Neiman, who serves as chairperson of the Committee on the Human Rights of Parliamentarians. That committee meets four times a year to examine cases of parliamentarians subjected to arbitrary actions during the exercise of their mandate. Since its establishment in 1977 the committee has examined over 600 individual situations in some 50 countries. About 95 per cent of those detained have now been freed.

During the centennial of the IPU we naturally reflect on its achievements and one of the most important is that of the valuable work undertaken by this committee. Senator Neiman was instrumental in the establishment of this committee over a decade ago and she devotes considerable time and energy to attending four meetings each year as well as fact-finding trips to investigate, at first hand, some of the cases under consideration. Unlike other IPU positions, this is a personal appointment and cannot be transferred to another Canadian. The

work Senator Neiman does is, indeed, important and worthwhile.

Immediately prior to each conference the women parliamentarians hold a regular meeting to discuss ways of involving more women in the work of the union. From a mere handful of women participants a few short years ago there are now about 80 women parliamentarians at these conferences. In her opening remarks the chairperson voiced concern that the percentage of women holding seats in the world's parliaments has fallen to 12.7 per cent—close to the level of 15 years ago. The figure stood at 14.6 per cent on January 1, 1988, but there has been a sharp decline in countries such as the Soviet Union and Poland which have traditionally elected large numbers of women. Canada, on the other hand, showed the largest increase, where the figures rose from 9.9 per cent to 13.2 per cent after the 1988 general election.

At the last conference in Budapest several Canadian women parliamentarians participated in an advisory group that examined the objectives, role and functioning of the meetings of women parliamentarians. That advisory group was coordinated by a Canadian legislator, and I am pleased to report that the small working group established in London to discuss its implementation was also chaired by a Canadian.

For the fifth time, an informal meeting of the elderly was held during the conference. This initiative was started by the late Congressman Claude Pepper of the United States, who died just a few short months ago.

Senator Frith: A former senator.

Senator Nurgitz: My recollection is that he first participated in an IPU conference in 1936 as a senator and that he spent only two terms as a senator at IPU conferences. Later, he had continuous service in the IPU as a United States congressman from a district in or near the city of Miami. Claude Pepper took a great interest in public policy concerning the elderly.

Senator Frith: *Oliveh shalom.* That was addressed to Mr. Pepper.

Senator Nurgitz: The United States delegation raised the possibility of making this meeting a permanent part of every IPU conference as a tribute to the work of Senator Pepper, who had been a member of the union for over 50 years. The charitable foundation established by his estate has indicated an interest in providing funding for staff assistance in organizing these meetings.

For the first time there was an informal meeting on disabled persons on the theme: "The use of law to promote human rights for disabled persons." There was considerable interest in three Canadian initiatives: complaints to the Canadian Human Rights Commission involving discrimination on the ground of disability; the Court Challenges Program under which the federal government provides a financial grant to organizations or disabled persons who wish to take the government to court; and the accessibility program on Parliament Hill.

While legislators attended the Inter-Parliamentary Union conferences, our presiding officers attended the meeting of the Association of Secretaries General of Parliaments. This was also a special occasion for them, as the association celebrated its 50th anniversary in August 1989. Our new Clerk of the Senate, Mr. Barnhart, attended his first meeting of this organization. I would point out that our former Clerk, Mr. Charles Lussier, who served as president during the past year, turned over his gavel to the new president, the Clerk of the Cypriot Parliament.

To celebrate the centennial of the union, the Canadian group had as a special project the publication of a book entitled *Parliaments in the Modern World*, written by Mr. Philip Laundy, Clerk Assistant of the House of Commons. It gives a broad picture of the rich variety of parliamentary institutions on our planet. During the stay of our two Speakers, Mr. Fraser and Senator Charbonneau, the Canadian group hosted a reception to launch this new book. We were also pleased to learn that Mr. Laundy had been appointed to the Consultative Committee of Experts of the International Centre on Documentation on Parliaments, to replace Mr. Gude, former Director of the U.S. Congressional Research Service.

Honourable senators, the Canadian group of IPU was, indeed, fortunate to have excellent staff at this conference, which was the last one to be staffed by our executive secretary, Stephen Knowles, who has served for several years and served well. Many colleagues from other countries look upon our staff with some considerable envy. I should like to make particular reference to Mr. Knowles, who did an excellent job, and to Barbara Reynolds of the Parliamentary Centre for Foreign Affairs, who worked long and hard. It was a difficult conference and Barbara did an excellent job. I would also mention our new executive secretary, Peter Hucal. This was his first time with us and he worked very well indeed.

Senator Frith: Has Mr. Knowles left the secretariat?

Senator Nurgitz: Yes, he has, in order to join the staff of the House of Commons Committees Branch. While we may not see him at the secretariat, we will see him in these buildings from time to time.

Honourable senators, the Inter-Parliamentary Union is a special organization that has pursued the objectives of peace for over 100 years. It has provided a forum where we can meet our legislative colleagues from all parts of the world and seek to make this world a better place. As we celebrate the union's centenary, we are reminded of the insight, understanding and dedication of its founders. At the same time we pay tribute to the many Canadian parliamentarians who have participated actively in its work over many years. Through their efforts, and those of legislators around the world, the union has been able to promote the cause of peace.

● (1630)

It was, indeed, an honour and a privilege for me to lead our Canadian delegation at this special event. I am proud of the work that our Canadian legislators have done, and I think all honourable senators should be as well. Thank you very much, honourable senators.

On motion of Senator Neiman, debate adjourned.

The Senate adjourned until Tuesday, November 7, 1989, at 2 p.m.

APPENDIX "A"

(*See p. 639*)

TRANSPORT AND COMMUNICATIONS

FOURTH REPORT OF STANDING SENATE COMMITTEE

TUESDAY, October 31, 1989

The Standing Senate Committee on Transport and Communications has the honour to present its

FOURTH REPORT

Your Committee was authorized by the Senate on Wednesday, June 28, 1989, to examine the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989, and was also authorized on Tuesday, October 17, 1989 to travel to Stephenville, Newfoundland for the purpose of its inquiry.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

FINLAY MACDONALD
Chairman

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD JUNE 28, 1989 TO DECEMBER 31, 1989

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Wednesday, June 28, 1989:

"Pursuant to the Order of the Day, the Senate resumed debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989:

And on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator Olson, P.C., that the inquiry be referred to the Standing Senate Committee on Transport and Communications; and

That the Committee report to the Senate no later than December 31, 1989.

After debate,
The question being put on the motion, it was--
Resolved in the affirmative."

GORDON L. BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services	**$ 5,400.00**
Transportation and Communications	**11,900.00**
All Other Expenditures	**1,700.00**
TOTAL	**$19,000.00**

The foregoing budget was approved by the Committee on the 4th day of October 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Chairman, Standing Senate Committee on
Transport and Communications
Finlay MacDonald

Date: October 17, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal
Economy, Budgets and Administration

Date: October 19, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services

1.	I.S.T.S. (0412)	$ 5,270.00	
2.	Meals - coffee, tea, juice (0415)	100.00	$5,400.00

Transportation and Communications

1. Travel Expenses (0201)

A. Committee travel to Stephenville
12 Senators
2 Clerks
1 Admin/Research Assis.
2 Researchers
2 Reporters
3 Interpreters
1 Messenger
23 participants

a)	Air Fare - DND	2,500.00	
b)	Ground Transportation Taxis, Ottawa 23 x 2 trips x $20.00	920.00	
	Bus, Stephenville (flat rate)	330.00	
c)	Per Diem 23 x $40.00 night x 4 days	3,680.00	
d)	Hotel Accommodation 23 x $65.00 night x 3 nights	4,485.00	11,900.00

All Other Expenditures

1.	Rentals (0500) Conference Room (2 days x $100.00)	200.00	
2.	Utilities, Materials and Supplies Miscellaneous (0799)	1,500.00	1,700.00
TOTAL			$19,000.00

APPENDIX (B) TO THE REPORT

THURSDAY, Octobre 19, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget present to it by the Chairman of the Standing Senate Committee on Transport and Communications for the proposed expenditures of the said Committee with respect to its examination to the effect of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989, as authorized by the Senate on Wednesday, June 28, 1989. The said budget is as follows:

Professional and Other Services	$ 5,400.00
Transportation and Communications	11,900.00
All Other Expenditures	1,700.00
TOTAL	$19,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX "B"

(*See p. 659*)

REPORT OF STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES ON THIRD LATIN AMERICAN AND CARIBBEAN MEETING OF PARLIAMENTARIANS ON ENERGY AND PETROLEUM

CARACAS, VENEZUELA, 23-30 JULY 1989

INTRODUCTION

The Standing Senate Committee on Energy and Natural Resources was invited by representatives of the Venezuelan Congress to send a delegation to the Third Latin American and Caribbean Meeting of Parliamentarians on Energy and Petroleum, held in Caracas this year. This annual conference is the premier meeting of Parliamentarians on energy matters in Latin America; two previous meetings were held in Buenos Aires, Argentina, and Bogotá, Colombia. At the Third Meeting, more than 70 delegates representing 18 Parliaments in Latin America and the Caribbean participated.

Each year this Committee has received an invitation to participate in the conference as observers and, for the second time, it sent a small delegation. The Committee was represented by its Chairman, Senator Dan Hays, its Deputy Chairman, Senator James Balfour, and the Committee's consultant, Dean Clay.

Venezuela is a founding member of OPEC, the Organization of Petroleum Exporting Countries, and one of the major oil-producing countries of the Western Hemisphere. In the past, Venezuela has provided up to 79% of Canada's crude oil imports (187,500 barrels/day on average during 1955, out of total imports of 237,700 barrels/day). Venezuelan crude imports reached their highest level in 1971, when an average of 405,000 barrels/day entered Canada, representing 60.5% of total crude oil imports. In 1988, Canada purchased about 10.5% of its offshore crude from Venezuela. This South American oil-exporting country is likely to continue as a significant oil supplier to Canada in the future.

With its large bitumen and heavy oil resources, Venezuela shares some of Canada's petroleum production problems, and the two countries have established cooperative agreements on the technology of heavy hydrocarbon production. Canada and Venezuela now hold an annual Technical Meeting on Energy to exchange views on the international oil market, to update each other on domestic energy policy, and to discuss bilateral research work and commercial prospects.

Given these substantial links, the Committee decided that the conference and its associated travel to energy developments within Venezuela offered an excellent opportunity to learn more about the energy affairs of Latin America in general and of Venezuela in particular. This expectation proved to be correct.

This paper reports on the three days of conference sessions, on a private meeting that the Canadian delegates had with senior officials of Petróleos de Venezuela, and on the travel that followed the formal sessions in Caracas. Conference organizers provided simultaneous translation for the Canadian participants, as the working language of the conference was Spanish, and officials from Petróleos de Venezuela acted as interpreters during the travel.

The Committee is pleased to acknowledge the many courtesies that were extended to its representatives by the Venezuelan hosts, by Petróleos de Venezuela, by Corporación Venezolana de Guayana, and by other conference delegates during the visit. The Committee also thanks the Departments of Energy, Mines and Resources and External Affairs in Ottawa for their provision of background information. The Embassy of Venezuela in Ottawa aided the Committee by arranging the meeting with Petróleos de Venezuela and Canadian Embassy officials in Caracas assisted the Committee's representatives during the conference.

The Conference Sessions in Caracas

The first three days of the conference were devoted to formal meetings in Caracas. The general form of each half-day session was the presentation of a detailed, keynote paper followed by commentaries from designated countries, after which the session was opened to general discussion and debate. The sessions were organized around the following themes.

Monday morning: Official opening of the conference in the Venezuelan Congress and a comprehensive report on the region's energy affairs by the conference Chairman; tour of the Congressional buildings; trip on the Caracas subway system.

Monday afternoon theme: "The Energy Sector and External Debt in Latin America".

Tuesday morning theme: "Energy and Integration in Latin America".

Tuesday afternoon theme: "Energy Emergencies in Latin America".

Wednesday morning theme: "Political, Institutional and Judicial Systems in the Energy Sector".

Wednesday afternoon: Conference closing session; presentation and discussion of the principal conclusions of the conference.

A summary of each half-day session is given below.

Conference Opening Session

The Monday morning opening session, held in the Venezuelan Congress, consisted of welcoming speeches, a regional energy report by the Chairman for the Third Meeting, and consideration of rules governing the conduct of these annual conferences. The formal remarks were followed by a tour of the Congressional precinct and a trip on the new and impressive Caracas subway system.

The conference Chairman, Dr. Humberto Calderón Berti, a former Venezuelan Minister of Energy and a past President of Petróleos de Venezuela, presented a comprehensive picture of Latin America's energy potential, the current Latin American economic situation and the relationship between energy development and foreign debt, the need for regional energy cooperation and integration, and the necessity of an adequate institutional and judicial basis for Latin America's energy sector.

Dr. Calderón Berti observed that the conference was being held during a particular difficult time for Latin America. The decade of the 1980s had seen the crushing burden of mounting external debt, stagnation of the economies of the region, and high rates of inflation. Latin America's middle class, which had been growing during the 1960s and 1970s, was now becoming poorer and suffering a decline in the quality of life. The inescapable result is growing political instability.

The speaker maintained that foreign indebtedness is the most serious problem facing the region. No adequate solution to the debt problem has been found and rising public tension was being expressed in social unrest. Within the realm of foreign indebtedness, Dr. Calderón Berti noted that energy sector debt amounted to $US 78 billion at year-end 1987, equivalent to 18% of the total foreign debt of the region and 25% of the total foreign public debt. In some Latin American countries, the foreign energy debt accounts for more than half of all public foreign debt. [Energy-sector debt refers to foreign borrowing to develop any part of the energy system of a country—the electrical subsector in Latin America accounts for the largest share of the foreign energy-sector debt.]

In Latin America's oil-producing countries in particular, large investments had been made in industrial development to diminish reliance on oil income alone, with the countries counting on rising oil prices to repay their financial obligations. Unfortunately, the precipitous drop in the price of oil had seriously eroded export income, leaving the countries unable to cope with the debt. In Venezuela, for example, oil export income fell from $US 19 billion in 1982 to $US 7.6 billion in 1986. Oil exports generate approximately 90% of Venezuela's trade income, so the impact has been massive.

Although Latin America and the Caribbean hold more than 13% of world proved reserves of crude oil, these reserves are far from evenly distributed—Mexico and Venezuela account for about 92% of the proved reserved of the region. Coal reserves, although modest on a global scale, are adequate for almost 500 years of consumption at the current low rate of exploitation. For the most part, Latin America's coal resources are only poorly defined. The region has a huge hydro-electric potential and OLADE (Organizacion Latinoamericana de Energía, the Latin America Organization of Energy founded in 1972) estimates that 758,000 megawatts is capable of development, with only 10% of that capacity installed.

In 1987, Latin America's commercial energy production amounted to 522 million tonnes of oil equivalent, 6.6% of the global production of energy. In that same year, the region's energy consumption totalled 423 million tonnes of oil equivalent, or 5.2% of world energy consumption.

Following the second oil price shock of 1979-81, the 26 member countries of OLADE introduced measures to decrease the region's oil dependency. Oil imports by OLADE member nations have fallen by 29%, the result of increased regional oil output, new hydro-electric capacity and increased coal production. However, Dr. Calderón Berti observed that Latin America continues to be a very inefficient user of energy when measured against economic output.

Stressing the need for regional energy cooperation, Dr. Calderón Berti remarked that progress to date in achieving this had been disappointing. The best example, known as the San José Agreement, is a program initiated in 1980 among a group of Central American and Caribbean countries. In this arrangement, Mexico and Venezuela share the responsibility of supplying oil to nine other countries of the region. Oil supply is guaranteed—at official prices to prevent speculative buying—and 20% of the oil is provided at concessional rates of interest.

Unfortunately, the era of high international oil prices presented oil-exporting countries in Latin America with unanticipated wealth which they did not always spend wisely. Faced with lower oil prices today, the poorest sectors of society are bearing the worst of the suffering. To promote the more rational exploitation of the region's petroleum resources, the principal oil-exporting countries (Ecuador, Mexico, Trinidad & Tobago, and Venezuela, with Colombia participating as an observer country) of Latin America and the Caribbean formed a producers' group in 1983, known by the acronym GIPLACEP (Grupo Informal de Países Exportadores de Petróleo de América Latina y El Caribe). This group has brought a measure of stability to the regional oil market.

Dr. Calderón Berti went on to question why Brazil, Mexico and Venezuela have not formed a cooperative program for petroleum exploration. Could not the earlier concept of a transnational enterprise, PETROLATIN, be revived for cooperative activity in petroleum development outside of "our" [which appears to refer to Brazil, Mexico and Venezuela] territories? Why don't producing and consuming countries act together to establish modern refineries dedicated to the regional supply of petroleum products?

Energy integration cannot be achieved, however, without an adequate political, institutional and judicial framework throughout the energy sector of the region. A lack of coordination works against establishing sectoral policies that would promote the more efficient use of energy. In Venezuela's case, as in some others, legislation needs to be updated since it is now about 15 years since the main industries were nationalized. If the private sector is to participate more fully in Latin American energy development, the judicial framework needs to be clarified to protect the interests of private investors.

Dr. Calderón Berti concluded by stating that the time for rhetoric has passed and Latin American countries need to develop new attitudes in managing their development. Today's challenges must be faced with realism and pragmatism.

The Energy Sector and External Debt in Latin America

The Monday afternoon keynote paper was delivered by Dr. José Ignacio Moreno León, a Deputy in the Venezuelan Congress and a former Minister of Energy. He began by observing that the Asia-Pacific nations, despite a lack of resources and the problem of overpopulation, had moved well ahead of the Latin American nations in economic development. Countries such as Japan, South Korea, Taiwan and Singapore were making major advances by stressing the efficient management of economic activity, by intelligent government intervention, and by emphasizing science and technology. By comparison, Latin America is a resource-rich region. Its failure to do better economically stems from poor economic and political management.

The expanding public debt in Latin America is a product of this mismanagement, which extends to overly large, inefficient and often corrupt bureaucracies. Latin Americans have also favoured imports over domestic products, compounding the problem and resulting in lower standards of living and a declining quality of life. In Latin America, selective competition has been rejected in favour of state paternalism and a "sense of grandeur" in development.

Dr. Moreno León asserted that 40 million Latin Americans are unemployed and another 80 million are either underemployed or improperly employed. Each year, an estimated 700,000 children in the region die before the age of one.

At year-end 1987, the total foreign debt of Latin America and the Caribbean stood at $US 423 billion, or 4.8 times the total annual export earnings of the region. The annual interest charges on this debt in 1987 were approximately $US 30 billion, five times greater than the debt service charges amounted to in 1975. The result has been an enormous balance of payments problem.

Latin America's infrastructure is deteriorating rapidly because of a lack of maintenance. The estimated "social debt"—that is, the amount of money that should have been but was not invested to solve social problems—is placed at $US 260 billion. Currency fluctuations, capital flight, fraud and corruption are all symptoms of this deteriorating economic situation. The international banking community has also contributed to the problem by being too lenient in their lending criteria.

The Latin American debt crisis is a political failure as well as an economic one. The active participation of governments in the industrialized countries is required to solve this problem.

An important element of the foreign debt is the energy sector component. At year-end 1987, the energy sector foreign debt totalled $US 78 billion, 18% of the total external debt. In some Latin American countries, the ratio of energy sector foreign debt to total foreign debt is substantially higher—Colombia 41.4%; Argentina 24.2%; Mexico 23.9%; and Honduras 23.4%. The energy sector depends heavily on foreign technology; only Brazil and Venezuela have made special efforts to reduce this dependence.

Dr. Moreno León closed by observing that the industrialized countries are intensifying their efforts to establish economic blocs and, in the process, are reducing access to their economic systems by other countries, especially those in the Third World. Latin America has no choice but to pursue regional integration.

(1) Commentary by Ecuador on Dr. Moreno León's Keynote Address

Ecuador's representative concurred in Dr. Moreno León's remarks, especially with regard to the seriousness of Latin America's energy indebtedness. The economy has been poorly managed. Latin American nations have been too obedient to the wishes of the developed world and they need to develop a unified response to the foreign banks. Renegotiations must reduce indebtedness, not lead to even larger obligations. The nations of Latin America must rationalize their use of energy.

(2) Commentary by Honduras on Dr. Moreno León's Keynote Address

Administrative corruption, present at all levels in all governments, allows capital flight and the misuse of funds that could be solving many problems. Latin American countries build "white elephants" that have no real priority in development—it is done for national pride, not because it is required.

The smaller Latin American countries need to draw on the expertise of their larger neighbours in negotiating foreign contracts, because they have often been taken advantage of in the past. It is particularly important that Latin American nations learn how to manage their water, forest and petroleum resources.

(3) Special Commentary by Colombia on the Issue of Energy Indebtedness

Dr. Julio César Guerra Tulena, a Colombian Member of Parliament and the Chairman of the Second Latin American and Caribbean Meeting of Parliamentarians on Energy and Petroleum held in Bogotá, made a special presentation on the issue of Latin American energy indebtedness, using statistics assembled by OLADE. Dr. Guerra Tulena kindly made his statistical information available to the Canadian delegation, and the following charts have been prepared from those statistics. The data which are graphically displayed in Figure 1

through 4 are presented in tabular form in an appendix to this report.

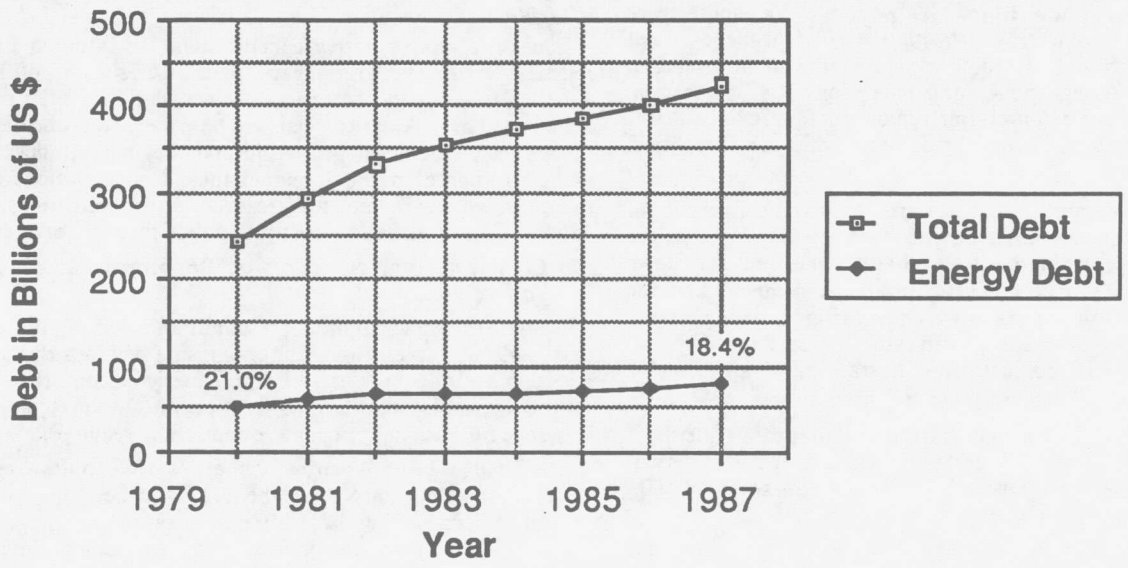
In addition to his commentary on the statistics, Dr. Guerra Tulena made several summarizing remarks regarding the nature of Latin America's energy indebtedness.

- The energy debt is now a structural debt, not a temporary one.
- Some Latin American countries are incapable of retiring their energy debt.
- The electrical subsector accounts for the largest share of the energy debt.

billion, an increase of 54%. In 1980, energy sector debt represented 21.0% of the total foreign debt; in 1987, it accounted for 18.4%.

Figure 2 presents Latin American and Caribbean foreign debt by region, at year-end 1987, in three charts: (a) the regional breakdown of total foreign debt; (b) the regional share of energy sector debt; and (c) regional energy-sector debt by energy subsector. Brazil has the largest total foreign debt, while Mexico displays the largest energy-sector foreign debt. Brazil's energy sector debt is dominated by borrowing in the electricity subsector; in Mexico, the oil subsector accounts

Figure 1: The Growth in Latin American and Caribbean Foreign Debt, 1980-87



Note: The data for 1987 are preliminary.

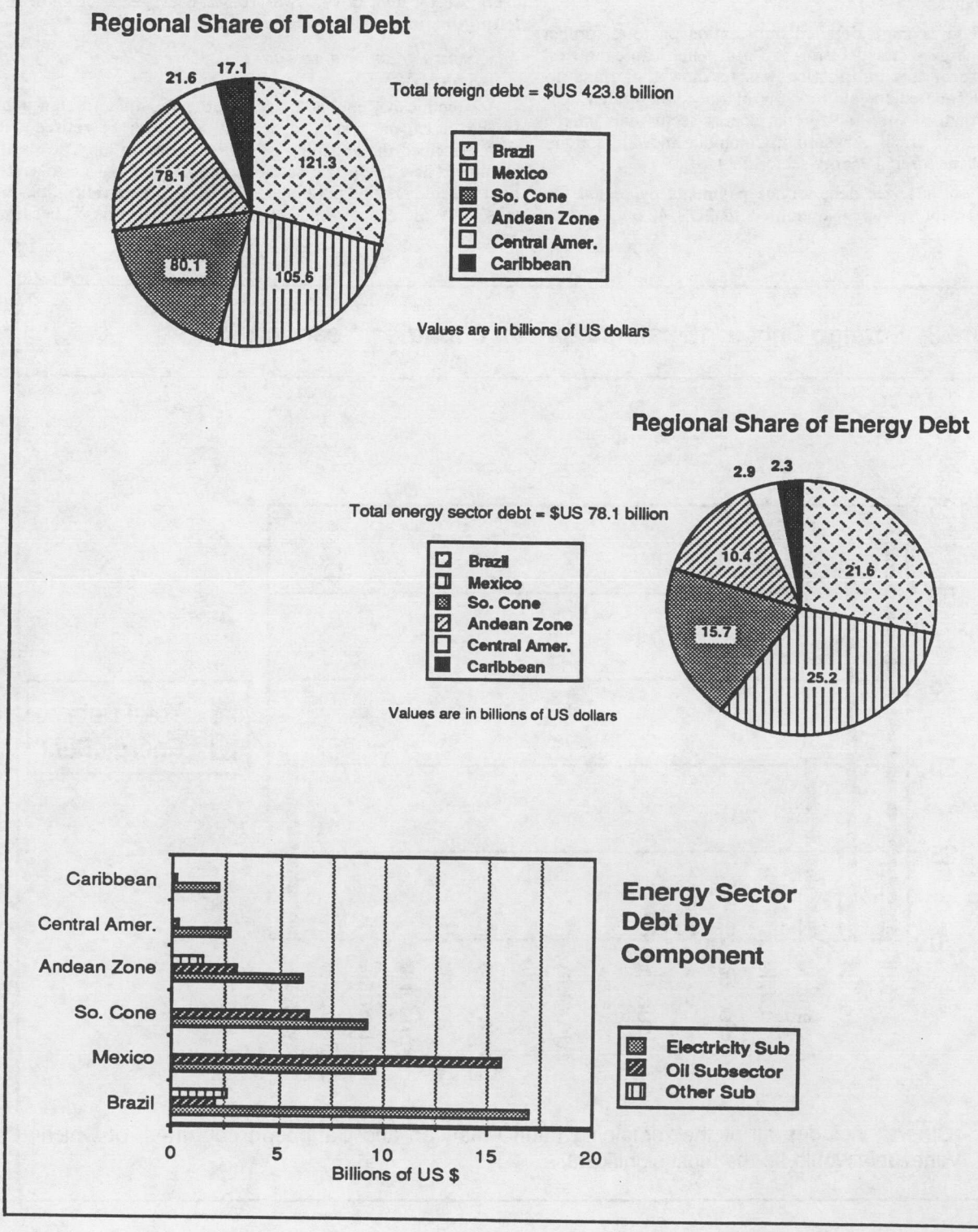
- Latin American countries should indicate the limits of the debt that they are able to repay.

Figure 1 displays the growth in Latin American and Caribbean foreign debt over the period 1980-87, and energy sector debt as a component of total debt. Total foreign debt in the region grew from $US 241.5 billion at year-end 1980 to $US 423.8 billion at year-end 1987, an increase of 75% over the eight years. Over the same period, the energy component of that foreign debt rose from $US 50.8 billion to $US 78.1

for most of the energy sector debt. Brazil has also borrowed abroad to finance its nuclear subsector and Colombia (Andean Zone) to finance development of its coal resources. Brazil and Mexico together account for 60% of foreign energy-sector debt in the region.

The regional grouping of countries used in Figure 2 was not defined in the statistical notes provided. It appears, however, that the "Southern Cone" (Cono Sur) refers to Argentina, Chile, Uruguay and Paraguay. The "Andean Zone" (Zona

Figure 2: Latin American and Caribbean Foreign Debt by Region, Year-end 1987



Andina) seems to include Bolivia, Peru, Ecuador, Colombia and Venezuela. It is not apparent into which grouping Guyana, Surinam and French Guiana have been placed. Interestingly, given the location of the conference, data for Venezuela alone are not presented anywhere in the OLADE statistical notes.

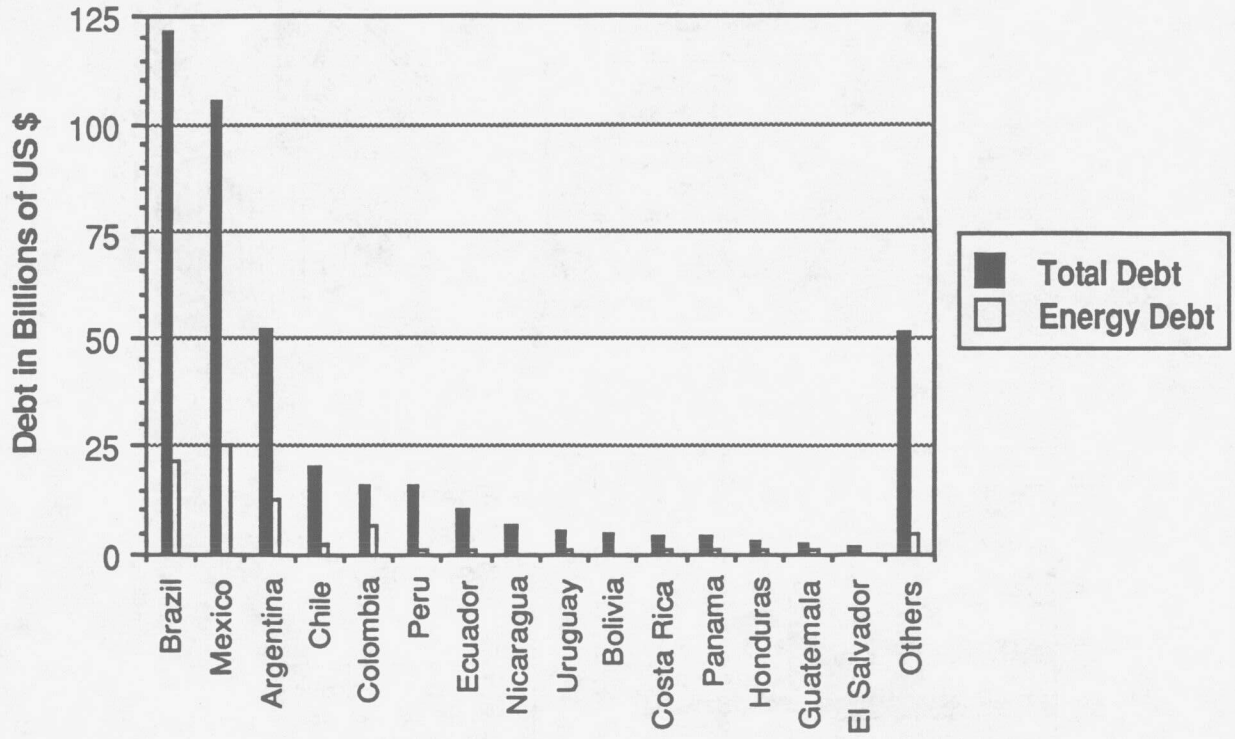
Figure 3 gives more detailed information on total foreign debt and energy sector debt for 15 Latin American countries. The purpose of this information was to show that these 15 countries accounted for almost 90% of the total foreign debt and more than 94% of the foreign energy-sector debt in the region. Mexico, Brazil, Argentina, Colombia and Chile alone hold 87% of the foreign energy-sector debt.

Figure 4 summarizes debt service payments by region for 1987. Total debt servicing amounted to $US 42.5 billion in 1987, of which $US 8.2 billion, or 19%, was directed to servicing energy sector debt. In this regional grouping, Mexico had the highest ratio of energy debt servicing to total debt servicing (26.3%) and the Andean Zone had the lowest ratio (12.7%). The ratio of energy debt service payments to total energy sector debt in 1987 was 10.5%, averaged over all of the Latin American and Caribbean countries.

(4) General Commentary on Dr. Moreno León's Keynote Address

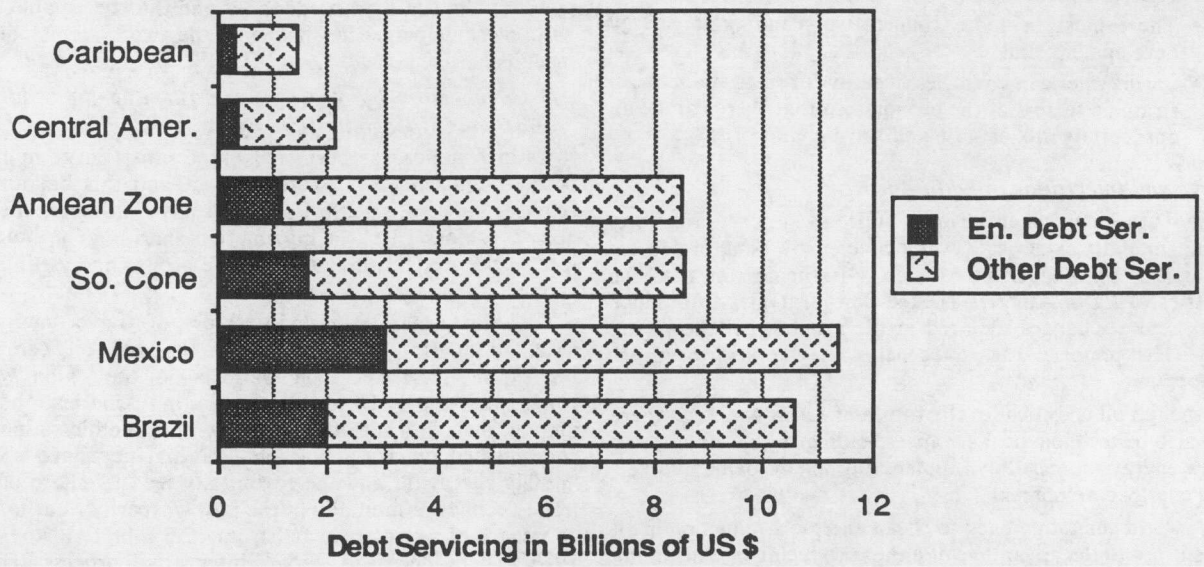
A Dominican Republic delegate observed that foreign debt should be called "eternal debt"—it can never be retired. He then described the appalling energy situation in his Caribbean country. There is electric power available for only six to seven hours each day. The public doesn't refer to electricity "black-outs" any more but rather to electricity "turn-ons", because

Figure 3: Foreign Debt in 15 Latin American Countries, Year-end 1987



Note: "Others" includes all of the remaining Latin American and Caribbean countries, of which Venezuela would be the most significant.

Figure 4: Latin American and Caribbean Debt Service Payments by Region, 1987



Note: For Latin America and the Caribbean as a whole, energy debt servicing as a percentage of total foreign debt servicing amounted to 19.2% in 1987.

the power is off much more of the time than it is on. According to the Dominican Republic delegate, total foreign debt in his country now amounts to approximately $US 4 billion, of which about $US 500 million is energy sector debt. He claimed that the poorest countries should get special treatment from the oil-producing nations. If there is no relief soon in countries such as the Dominican Republic, he predicted that democratic society would collapse.

A Venezuelan delegate made the obvious point that there are huge differences among the Latin American and Caribbean countries themselves, and that the energy situation in Venezuela is far different from that in the Dominican Republic. He stated that being in debt should be a transitory condition associated with the development of a particular project or projects—energy-sector foreign indebtedness should not be a continuing condition. He believes that the state presence has to be maintained and is valid; converting the Latin American economies totally to free enterprise is not the answer. Solutions to Latin America's economic problems lie in the political domain and the state will inevitably be involved.

Another Venezuelan delegate stated that it was the Latin American countries themselves that allowed the multinationals to act the way they did—one cannot blame the industrialized countries for all of today's problems. The state companies through which natural resource development was subsequently channeled did not manage the job properly. Labour unions have had too much influence on the economic system, and are living off the excessive generosity of the state. Progress hinges on the Latin American countries accepting responsibility for their own mistakes and not seeking to divert the blame to others.

A Costa Rican representative suggested that although state companies may have been poor entrepreneurs, one cannot depend on private enterprise alone. There is an equilibrium position, and this will vary from country to country. Latin America cannot maintain so many barriers among its own countries when other parts of the world are lowering trade barriers—there should be a Latin American common market.

(5) Summary and Conclusions on the Issue of the Energy Sector and External Debt in Latin America

The rapporteur for the Monday afternoon session identified the central problems in the Latin American economy as (1) the mismanagement of public funds; (2) the need for debt relief; and (3) the lack of regional unification. In support of these conclusions, he made the following observations:

- Latin American development has been hindered by the continuing economic crisis and the burden of foreign debt;
- There is the need for fundamental change in the approach to social development;
- There is a need to remove the barriers that isolate the countries of the region and which tie them to the past;
- Latin American countries need to be more efficient in economic planning and management;
- There must be more cooperative planning in energy development; and
- Latin American countries need to differentiate between strategic sectors of the economy so that there can be an appropriate mix of state and private enterprise.

Energy and Integration in Latin America

The Tuesday morning keynote address, "Energy and Integration in Latin America", was delivered by Senator Héctor Mayagoitia Dominguez of Mexico. His theme was that the countries of Latin America needed new strategies to produce the structural changes required in the economy of the region today. His premise was that energy is the key to future development.

Although oil is critical to the future of Latin America, there must also be technological advances leading to the exploitation of new energy sources. Environmental problems demand diversified energy development.

The world cannot go back to cheap energy: a reduction in oil prices is not to the advantage of either producing or consuming countries. Low prices lead to the inefficient use of oil and impede the introduction of alternate energy forms.

Energy consumption is increasing in the developing countries due to exponential population growth. On a per capita basis, however, energy use in the industrialized countries is often a factor of 100 times or more the per capita use in poor Third World countries. Nonrenewable energy resources are very irregularly distributed.

The combustion of fossil fuels is now adding an estimated five billion tonnes of carbon to the atmosphere yearly, leading to a global warming. Acid rain and surface ozone are other major environmental problems arising from hydrocarbon combustion. While new technology can reduce the secondary effects of energy use considerably, it is nonetheless necessary to restrain exploitation of the world's hydrocarbon resources.

The efficient use of energy must be a central feature of energy policy in the developing countries. In the opinion of Senator Mayagoitia Dominguez, at least 10% of the science and technology budgets in Latin America should be devoted to the more efficient use of energy. Technological development is necessarily the basis for these advances in energy efficiency.

There needs to be more regional cooperation regarding energy development. For example, several countries have a broad knowledge of hydro-electric technology and could advise other countries.

Mexico has proved oil reserves of 68 billion barrels. Senator Mayagoitia Dominguez observed that at the current rate of production of 2.5 million barrels/day, these reserves will "only" last for 75 years. Mexico has begun to use geothermal energy and has installed 2,400 megawatts of geothermal capacity.

OLADE is an expression of Latin America's intention to go beyond rhetoric in energy cooperation. Already there are a number of joint projects in petroleum and hydro-electric development. [The OLADE bulletin, *Latin American and Caribbean Energy Update* (May 1989, page 11), notes that Colombia and Ecuador have signed an Electric Power Cooperation Agreement," . . . with a view to interconnecting the power systems in their border area and thus being able to cope with energy emergencies if one of the two systems could not meet its national power needs."]

(1) Commentary by Argentina on the Keynote Address by Senator Mayagoitia Dominguez

Latin America has been segmented into a large number of political units following independence and this balkanization requires cooperative efforts. In the past, however, there has been a profound lack of information sharing. The industrialized world is establishing cooperative groups and Latin America must do the same.

In Latin America, various sectors of the economy were nationalized (for example, the banks and oil companies) because the social and economic needs of the region were not being addressed. Exporters in Latin America, however, ignored their own region as a source of economic stability and concentrated on world markets. In this they have not been notably successful and the region has seen its share of world trade decline substantially in the postwar period. Latin America's share of world trade fell from 12.3% in 1950 to 7.9% in 1973. There needs to be an integrative process that will strengthen the economy of the region, but the process must retain the integrity and sovereignty of the various countries.

(2) Commentary by Costa Rica on the Keynote Address by Senator Mayagoitia Dominguez

Energy policies must be linked to technological development; in particular, they must respond to ecological problems and the corresponding need to develop alternate sources of energy. The Costa Rican delegate stressed the importance of an active role for OLADE in the process of integration.

The speaker stated that energy development must be based on three key factors: (1) integration of regional energy policies and planning; (2) an acknowledgement of the importance of science and technology in energy development; and (3) the rational exploitation of alternative sources of energy.

(3) Commentary by Trinidad & Tobago on the keynote Address by Senator Mayagoitia Dominguez

Regional integration can only work if it is introduced on the basis of equality and the freedom to express views. The delegate cited ARPEL—Asistencia Reciproca Petrolera Estatal, or the (Latin American) Association for State Oil Reciprocal Assistance—as an example of one step in the integration process.

(4) General Commentary on the Keynote Address by Senator Mayagoitia Dominguez

A Bolivian delegate observed that this conference was not the typical protocol meeting—that the discussion and debate was franker than in the past. Nonetheless, it was still being debated in a political context and the next step was to proceed

to more technical discussions of how integration could actually be achieved.

There are different approaches to integration and strong differences of opinion on how to attain it. The issue of sovereignty, complicated today by the problem of foreign debt, has always been an obstacle in the past. Mexico, Venezuela and Brazil were termed the "political patriarchs" of Latin America by the speaker, who claimed that they had hindered the process of integration through their appeals to sovereignty.

The challenge is to retain economic self-determination while overcoming structural deficiencies in weaker Latin American countries. The region needs to target industrial development as a critical element of integration. Too much of the Latin American economy is service oriented and it is not possible to have an integration of merchants because Darwinism prevails—the strongest absorb the weakest, a phenomenon that the speaker described as "integration by digestion". One cannot, therefore work with vague descriptions of integration; Latin American countries will need to be more precise in their analysis. Otherwise this conference will simply stand as another exercise in protocol.

For Latin America, integration is a question of survival. Individual countries will lose their economic and political viability if there is not integrated action. How can this be achieved while preserving the ideological identity of Latin American nations?

A representative from the Dominican Republic observed that the first step in achieving integration lies in all governments in the region agreeing that integration is in fact the goal.

Dr. Moreno León asked, how was the European Economic Community able to achieve integration despite ideological differences? The next meeting of Latin American and Caribbean Parliamentarians should concentrate on deriving a model that will allow integrated economic development despite these differences.

A Colombian delegate questioned whether the political class in Latin America really wants integration. After all, the EEC overcame differing ethnic origins and languages to achieve integration, while Latin America has one dominant language and culture but hasn't succeeded. Energy is the most important integrative sector. Countries could begin by taking advantage of joint hydro-electric developments along common borders.

The Dominican Republic observed that the two greatest crises of this century in Latin America have been the Great Depression of the 1930s and the current economic crisis. Franklin D. Roosevelt had to use regulations to put his ideas into practice in the United States, and similarly the governments of Latin America will have to intervene. That degree of intervention will be characteristic of each country but it should not stifle private initiative and investment. In particular, there need to be programs of import substitution; countries like Argentina have attained the vertical economic integration that will allow this but smaller and less developed countries have not.

A Venezuelan representative stated that there is no definitive position on development and integration, because of the great differences among the nations of the region—there is no single model of development for Latin America. The industrialized countries did not apply models of development to achieve their economic success; there must be something deeper. He advanced the notion of a "structure of backwardness"—models don't fail, countries fail to overcome their structural problems.

Integration in the industrialized countries has been easier because they already possess developed economies and because they are in the forefront of science and technology. His conclusions were (1) that Latin America had not failed to develop because of the inadequacy of a specific economic model, and (2) that economic integration is the most important element of Latin America's future development.

A Mexican delegate accepted the notion that integration is a matter of survival but maintained that the unequal level of development among the countries of the region is the greatest barrier to achieving it. Science and technology, especially in the field of energy, will be an essential vehicle for integration and development. Latin American countries should create major centres for technological development with an orientation towards solving the problems of the region.

This session did not articulate a set of conclusions and recommendations, reflecting perhaps the diversity of the discussion.

Energy Emergencies in Latin America

The Tuesday afternoon keynote paper was delivered by Dr. Julio César Guerra Tulena, a Deputy of the Colombian Parliament and the Chairman of the Second Latin American and Caribbean Meeting of Parliamentarians on Energy and Petroleum, held in Bogotá. His subject, "Energy Emergencies in Latin America", covered the impact of natural disasters, of guerilla activities and of external events on energy facilities and systems in the region.

In an "average" year, natural disasters cause the death of about 5,600 people in Latin America and the Caribbean, and approximately $US 1.2 billion in economic damage. These disasters affect many energy installations. There has generally been very good international cooperation in recovering from these events, both during the crisis and during the reconstruction period. These events not only affect energy facilities in a direct way but generate indirect costs through lost productivity.

Dr. Guerra Tulena defined energy emergencies as those situations which, through their effects and/or duration, significantly affect the energy affairs of a country. He categorized such emergencies as belonging to one of three groups:

(1) natural disasters;

(2) disasters of human cause, whether accidental or deliberate; and

(3) disasters of external origin, usually economic or political in nature.

Duration is one of the principal factors as, for example, in the case of drought conditions leading to a reduction in generating capacity. In the case of disruption at a particular point in an energy system, as in an act of sabotage, the effects are determined by the time taken to repair the damage and the

resulting economic and social consequences; the magnitude of the interruption in energy supply (which may be total or partial); and the interruption of other essential services.

The earthquake of March 5, 1987 in Ecuador disrupted the trans-Andean pipeline carrying crude oil from the production centres to the coast. The total estimated cost of this disaster was $US 766 million, including the effects of the disrupted internal oil supply and lost export earnings. This loss was suffered despite the fact that a Colombian pipeline partially served to offset the loss of transmission capacity.

Major earthquakes are a serious problem in extensive parts of the region, exemplified by the destructive events in Peru (1970), Nicaragua (1972), Guatemala (1978), Mexico (1985) and El Salvador (1986). To earthquakes may be added such other natural disasters as hurricanes (Honduras, 1974; Dominican Republic, 1979; and Jamaica, 1988), volcanic eruptions (Nevado del Ruiz in Colombia, 1985), and flooding (Peru, Ecuador and Bolivia in 1982-83).

Colombia deserves special mention because of the numerous disruptions caused by guerilla activity. In the years 1986 to 1989, there have been 109 attacks on major oil pipelines, including 25 this year to date. These acts not only cause economic and social damage but also environmental harm. ECOPETROL has found it necessary to develop special techniques to handle this continuing damage. Aerial photography is combined with special equipment and crews ("Action Brigades" consisting of both military personnel and civilian technicians) to repair the damage very quickly. Usually the repairs can be made within 48 hours. Attacks on Colombian power transmission systems have also increased since 1985.

To handle emergencies in its coal-mining sector, the Colombian state-owned coal company, CARBOCOL, has created emergency mine-rescue crews with special training.

In El Salvador, guerilla activities have reached critical levels. Coordinated attacks at several points simultaneously cause even greater disruption and repair crews have been killed by explosive mines placed by the guerillas near transmission structures.

OLADE has taken a three-pronged approach to mitigating the effects of energy emergencies.

(1) Information—development of computer data banks to support bilateral and multilateral assistance efforts

(2) Training—for the avoidance of emergencies through reducing the probability of human error, and for the response to emergencies

(3) Technical Assistance—in such forms as:

- design of facilities to resist natural and other disasters
- evaluation of seismic risk
- design of systems for easier maintenance and repair
- strategic reserves of equipment, facilities and supplies
- preparations for reconstruction and rehabilitation
- mechanisms for economic assistance

A country declares an energy emergency to receive aid. This assistance can take a variety of forms. For example, it might include the supply of energy commodities such as gas, oil, coal or electricity. It could include the supply of equipment and materials for the production, storage, transportation and distribution of energy. The loan of technical experts to assess damage, to assist in repairing equipment and to help manage the recovery is another possibility. Medical assistance can be provided. Another country might assume the responsibility for exporting an energy commodity normally supplied by the affected country.

(1) Commentary by the Dominican Republic on the Keynote Address by Dr. Guerra Tulena

The current situation in the Dominican Republic corresponds fully to the OLADE definition of an energy emergency. The electric power system has been in almost total collapse since 1986. In 1986, the Dominican Republic generated 4.2 billion kilowatt-hours of electricity despite persistent problems. By 1988, generation had fallen to 3.3 billion kWh, and the power was off much more of the time than it was on. In the first half of 1989, power production has fallen a further 10% from 1988.

The principal problem is bad management of the country's energy systems. The Dominican Republic has not had an energy policy for the last 24 years; therefore it cannot efficiently manage energy development and properly plan system expansion. Less than 25% of planned expansions in the electric power system over this period have actually been implemented. Generating units cannot even be taken off line for servicing, so they remain in constant use and wear out prematurely.

There have been eight country-wide blackouts thus far in 1989. All sectors of the Island have power shortages lasting from 8 to 16 hours daily. The Inter-American Development Bank has calculated that each kilowatt-hour of electrical shortage costs the economy of the Domincan Republic $US 1.14. The daily shortage is approximately 365,000 kWh, which is equivalent to an annual economic loss of about $US 160-170 million. Losses of this order have now been suffered for three years.

The electric company issues monthly billings totalling about 60-70 million pesos, but only collects 40-50 million pesos. Fuel costs alone for electrical generation amount to 60-65 million pesos per month.

By any definition, the Dominican Republic should be considered a country in a state of energy emergency and the speaker asked if Canada was prepared to assist his country.

(2) Commentary by Ecuador on the Keynote Address by Dr. Guerra Tulena

Assistance during energy emergencies should be an example of solidarity in Latin America. The better developed countries of the region should be prepared to provide economic assistance in such circumstances. Guerilla activity is an urgent matter in several countries and must be solved.

(3) General Commentary on the Keynote Address by Dr. Guerra Tulena

Dr. Guerra Tulena remarked that his country's new government had appealed to the guerilla group, M-19, to cease its terrorist activities. M-19 is the most extreme dissident group and had threatened the nation's viability. M-19 agreed to demobilize subject to certain conditions, including complete nationalization of the Colombian oil industry. The government

cannot accept this condition because it would lose the foreign funding necessary to continue petroleum exploration and development. Colombia has become an oil-exporting country by cooperating with the international oil industry and doesn't see how this relationship could be changed. Guerilla violence is destroying Colombia's wealth and affecting its relations with other countries.

According to a Honduran representative, accelerated deforestation is jeopardizing future hydro-electric generation and water run-off in the region. Brazil is destroying its rain forest. This is a true emergency. Natural disasters and guerilla activities are not emergencies—one is a natural fact of life and the other is a security matter. Man's destructive alteration of the natural environment does constitute an emergency. The Honduran delegate noted that the Dominican Republic representative did not mention that his country's practice of deforestation is degrading its hydro-electric capacity through siltation of reservoirs and flooding.

Political, Institutional and Judicial Systems in the Energy Sector

This Wednesday morning keynote paper was delivered by Deputy José Carrasco of the Peruvian Parliament. Unfortunately, he delivered his remarks so rapidly that the translators were unable to interpret a substantial part of his talk. Most of his comments applied to the situation in Peru, rather than to the region as a whole.

Peru's consumption of commercial primary energy is composed of hydro-electricity (49.4%), coal (25.6%), oil (17.1%) and natural gas (7.9%). To this commercial energy use is added about another 8% in the form of combustible vegetal and animal matter. Reserves of natural gas are more extensive than those of oil and Peru will have to shift its energy use away from oil and towards gas. Moreover, the country needs to export more of its oil to earn foreign revenue. Peru's recoverable reserves of dry natural gas are estimated at more than 10 trillion cubic feet; together with about 725 million barrels of condensates ["condensates" in this context appears to be used as a synonym for natural gas liquids], gas reserves are equivalent to approximately 2.5 billion barrels of crude oil.

Peru has one of the best hydro-electric potentials in the region but lacks the capital for development. Because of a lack of planning in the past, there are no hydro-electric projects under development to satisfy the demands of the future. Bolivia and Peru are cooperating in energy matters along their common border, and more Latin American countries will be doing this in the future.

In 1971, the government declared that the supply of electricity was an issue of public security and the national interest, and that the state would assume this function and make electrical development a public function. The generation, transmission, distribution and marketing of electricity thus became state activities, under the operation of ELECTROPERU. The speaker noted that the per capita consumption of electricity in Peru is below the average for Latin America.

Peru has a mushrooming population and cannot create enough jobs for this expansion. The International Monetary Fund has declared Peru ineligible for credits: Peru should not be subjected to such humiliation and opprobrium.

(1) Special Commentary by Venezuela on the Legal Regimes Applying to Latin America's Hydrocarbon Resources

Dr. Johnny Márquez Salazar of Simon Bolivar University in Caracas presented a comparative and detailed study of the legal regimes applying to hydrocarbons in a cross-section of 15 Latin American countries. Although there were differences in detail, all countries in the region have in their constitutions the principle that hydrocarbon resources are the property of the state. The countries referred to in Dr. Salazar's analysis included Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Mexico, Paraguay, Peru, Dominican Republic, Uruguay and Venezuela.

The notes distributed with this presentation are available (in Spanish) from the Committee Clerk, Timothy Wilson. They provide a degree of detail that is not appropriate for inclusion in this conference summary report.

(2) Commentary by Bolivia

Although the Bolivian delegation had apparently been asked to respond to the keynote address on "Political, Institutional and Judicial Systems in the Energy Sector", the representative chose instead to address his comments to the substance of the entire conference.

He began by saying that the conference could have made better use of its time. The detailed presentations by Dr. Guerra Tulena on Latin America's energy indebtedness and by Dr. Márquez Salazar on the Latin American legal system as it applies to hydrocarbon resources covered important subjects, but their content could have been summarized by the speakers and the detailed remarks distributed to conference participants. Lengthy descriptions of energy problems, such as that given by the Dominican Republic in describing its difficulties in the electricity sector, were not accompanied by any analysis or conclusions. We still lack the most primitive diagnosis of the energy situation in Latin America. Compiling lists of statistics and laws is important, but falls far short of what is needed to derive appropriate energy policies for the future.

Latin America has not compared its drilling results and technology with that of advanced countries such as the United States and the United Kingdom. Of the 3.5 million barrels of oil exported daily by oil-producing countries in the region, the speaker claimed that 2.2 million barrels/day goes to the United States—what are the effects of this market dependence? Although 0.5 million barrels/day moves to other Latin American countries, the region still imports 1.6 million barrels/day from outside Latin America. Where is the energy integration in this?

Oil consumption accounts for 60% of Latin America's commercial energy use—the region is backward in developing clean energy alternatives, but this failing was not analyzed. There is 7.4 million barrels/day of refining capacity in Latin America but no one referred to the fact that this capacity, while substantial, is generally of low quality. Five million barrels/day of capacity consists of simple distillation units, catalytic cracking represents 1.5 million barrels/day, thermal cracking 0.5 million barrels/day, and catalytic reforming, the most modern technology, only 0.35 million barrels/day.

Venezuela hasn't mentioned "orimulsión", an emulsion it has developed to exploit the extra-heavy oil resources of the

Orinoco, and a product that can competitively substitute for oil. The Latin American petrochemical situation has been totally ignored. Energy research and development has similarly been ignored.

What is the real energy situation in Latin America? There is so little discussion of this that its diagnosis appears to be a state secret in each country—either the solutions to the problems are secret or unknown.

In these circumstances, how can one conclude that there is any political will for Latin American integration? One can talk continually of political harmonization, but it is impossible to achieve if the individual countries do not share information and policy ideas. We have not been given any information on how our respective energy institutions are incorporating new technology. Either the Latin American countries don't trust each other or the political will to integrate is simply lacking.

We are not attaching the necessary urgency to finding a process by which integration can proceed. Yet conference delegates have acknowledged that integration is necessary for survival.

Conference Closing Session

The Wednesday afternoon session was devoted to the presentation, discussion and approval of the conclusions to be drawn from the conference and to a closing speech by Senator Arturo Hernandez Grisanti, Chairman of the Standing Committee on Energy and Mines of the Venezuelan Senate. The Canadian delegates were not able to participate in most of this session because a private meeting had been scheduled with officials of Venezuela's state-owned oil company, Petróleos de Venezuela.

The conclusions and recommendations that were adopted by the conference have been received in Spanish. These will be translated into English and will be available from the Committee Clerk, Timothy Wilson.

PRIVATE MEETING WITH OFFICIALS OF PETRÓLEOS DE VENEZUELA, S.A. (PDVSA)

On July 26, the Committee's representatives had a two-hour meeting with senior officials of Petróleos de Venezuela. PDVSA was represented by Dr. Pablo Reimpell, Vice-President, Dr. Mario Rodríguez, Director, and Dr. Jorge Kamkoff, Assistant to the President. Dr. Johnny Márquez Salazar, a faculty member at Simon Bolívar University, and David Adam, Commercial Counsellor at the Canadian Embassy in Caracas, were also present. Dr. Reimpell led the discussion of PDVSA's operations. Because this was a private meeting, the discussion has been summarized in a separate report available for Committee use only. More information regarding Petróleos de Venezuela, derived from public sources, is contained in another document, *Petróleos de Venezuela: Venezuela's State-owned Oil Company*, prepared for use in the Committee's forthcoming study of Petro-Canada.

TRAVEL TO SELECTED DEVELOPMENTS IN VENEZUELA

Lake Maracaibo

Leaving Caracas on the morning of July 27, the conference delegates flew on an aircraft provided by PDVSA to Maracaibo. There the delegates boarded four small boats and toured Lake Maracaibo to see the oil production facilities.

Lake Maracaibo is approximately 150 kilometres long by 75 kilometres wide and a substantial part of the Lake is underlain by producing oil fields. There are about 7,200 producing oil wells within the Lake, one of which has completed 75 years of continuous production. A number of gas processing plants have been built on pilings in Lake Maracaibo; these strip gas liquids from the associated natural gas and reinject the gas to maintain reservoir pressure.

Underneath the heavier oil deposits originally discovered at Lake Maracaibo, deeper drilling has revealed extensive light crude oil deposits. This discovery is boosting Venezuela's output of conventional light crude and total productive capacity.

Along part of the lakeshore, the land has subsided as much as 10 metres due to fluid withdrawal from the oil reservoirs and dikes have been constructed to protect a PDVSA townsite, which is not below lake level.

The Raúl Leoni Hydro-electric Generating Station

Departing Maracaibo on the morning of July 28, the delegates boarded the PDVSA aircraft and were taken to the Raú Leoni hydro-electric facility at the Guri dam on the Caroní River, a tributary of the Orinoco. Guri dam, one of a series of four dams that will ultimately tap the full power potential of the lower Caroní River, is located in the State of Bolívar. The host for this part of the travel was Corporación Venezolana de Guayana (CVG). CVG has been given the mandate to develop the resources and infrastructure in the State of Bolívar and the Territory of Amazonas, which together represent about 50% of Venezuela's area.

At this time, Guri is the largest hydro-electric station in the world with a maximum generating capacity of 10,300 megawatts (MW) from 20 turbogenerators. When Itaipú is completed on the Brazil-Paraguay border, with its planned 12,600 MW of installed capacity, Guri will fall to second place. By comparison, Canada's largest hydro-electric station is Churchill Falls, with 5,225 MW of generating capacity. In terms of reservoir volume, Guri is seventh largest in the world (all other reservoirs being overshadowed by the enormous Owen Falls reservoir in Uganda).

The four dams on the lower Caroní River will ultimately generate more than 18,000 MW of electrical power. To the completed Macagua I site (370 MW) and the Guri dam (10,300 MW) will be added the 7,400 MW of the Macagua II, Caruachi and Tocoma facilities by early in the next century. A substantial block of this generating capacity will support Venezuela's drive to make the new city of Ciudad Guayana on the Orinoco River the country's primary centre for industrial development.

The CVG-Venalum Plant in Puerto Ordaz

After touring the Raúl Leoni hydro-electric station, the delegates were bussed by CVG to Industria Venezolana de Aluminio C.A. (Venalum), the huge CVG aluminum plant in Puerto Ordaz, near the new city of Ciudad Guayana. This facility was described as the largest aluminum smelter in South America and is one of two aluminum producers in Venezuela, the other being Alcasa. The Venalum operation is supplied by electricity from the Guri dam and by bauxite mined in the Territory of Amazonas by the state enterprise

CVG Bauxiven and barged 600 kilometres along the Orinoco. The manufactured aluminum is transferred to the docks of Puerto Ordaz and exported on ocean-going freighters that come up the Orinoco River.

Venalum officials claim that this situation—with the Caroní River providing the energy and the Orinoco River providing the transportation link (the two rivers merge at Puerto Ordaz)—is the most advantageous of any aluminum producer in the world.

CVG-Venalum does not receive any direct subsidies from the government but the price of its electricity supply is indexed to the price of aluminum in the export market, to support a competitive position. Venalum was created to produce aluminum for the export market, but some of its output is sold within Venezuela. Financing of the Venalum development came from two sources: 80% of the funds were provided by a Venezuelan investment fund, and 20% came from a consortium of six Japanese companies.

In 1988, aluminum exports earned Venezuela $US 455 million, the second largest export earner after oil. Venalum's 1988 production was 312,000 tonnes of aluminum, of which about 212,000 tonnes was exported (primarily to Japan) and 100,000 tonnes was sold domestically. Both Alcasa and Venalum are expanding their operations. Alcasa will have the capacity to produce 420,000 tonnes of aluminum annually in three to four years. Venalum, which manufactured 230,000 tonnes of aluminum in 1983, has a goal of 430,000 tonnes of annual capacity, which will be achieved about 1992. Venezuela expects to produce two million tonnes of aluminum yearly by the turn of the century, from eight million tonnes of mined bauxite. The government expects to accomplish this by building a series of new aluminum plants, primarily with foreign investment.

Isla de Margarita

On July 29, the delegation was flown back over the Guri dam by PDVSA for a spectacular low-altitude view of the hydro-electric facility, following which the group was taken to Isla de Margarita for an overnight stay at Porlamar. Delegates were advised that this tourist stop was their opportunity to contribute to the Venezuelan economy.

The next day, the Venezuelan travel ended with the return to Caracas.

Statistical Appendix

The OLADE data contained in the following four tables were used to prepare Figures 1-4 in the text of this report.

Table 1: Total External and Energy-sector Foreign Debt in Latin America and the Caribbean in Billions of U.S. Dollars, at Year-end 1987

Country	Total Debt	Energy Debt	Energy Debt as % of Total Debt	Electrical Subsector	Petroleum Subsector	Other Subsectors
Argentina	51.639	12.610	24.4%	6.585	6.025	–
Bolivia	4.833	0.260	5.4%	0.144	0.112	–
Brazil	121.264	21.616	17.8%	17.016	2.000	2.600 (a)
Colombia	15.651	6.475	41.4%	3.974	1.172	1.329 (b)
Costa Rica	3.914	0.731	18.7%	0.598	0.133	–
Chile	20.551	1.995	9.7%	1.772	0.219	0.003 (b)
Ecuador	9.923	0.828	8.3%	0.507	0.321	–
El Salvador	1.876	0.265	14.1%	0.265	–	–
Grenada	0.050	0.002	4.3%	0.002	–	–
Guatemala	2.718	0.495	18.2%	0.495	–	–
Honduras	3.101	0.725	23.4%	0.722	–	–
Mexico	105.600	25.217	23.9%	9.624	15.593	–
Nicaragua	6.270	0.101	1.6%	0.101	–	–
Panama	3.731	0.621	16.6%	0.454	0.167	–
Peru	15.441	0.991	6.4%	0.840	0.152	–
Surinam	0.036	0.007	19.1%	–	0.007	–
Uruguay	5.888	0.690	11.7%	0.681	0.009	–
17-country Totals	**372.484**	**73.628**	**19.8%**	**43.779**	**25.912**	**3.932**
Other Countries	**51.284**	**4.489**	**8.8%**	**2.946**	**1.543**	**–**
Regional Totals	**423.769**	**78.118**	**18.4%**	**46.725**	**27.456**	**3.932**

Note (a): Foreign debt in the nuclear subsector.
Note (b): Foreign debt in the coal subsector.

Table 2: The Growth in Latin American and Caribbean Foreign Debt in Billions of U.S. Dollars, 1980-1987

Year	Total Foreign Debt	Energy-sector Foreign Debt	Energy Debt as % of Total Debt
1980	241.505	50.812	21.0%
1981	293.544	60.693	20.7%
1982	331.351	65.985	19.9%
1983	354.988	66.189	18.6%
1984	374.144	68.468	18.3%
1985	383.931	70.259	18.3%
1986	401.069	73.967	18.4%
1987	423.769	78.118	18.4%

Table 3: Total External and Energy-sector Foreign Debt in Latin America and the Caribbean in Billions of U.S. Dollars by Subregion, at Year-end 1987

Subregion	Total Debt	Energy Debt	Energy Debt as % of Total Debt	Electrical Subsector	Petroleum Subsector	Other Subsectors
Brazil	121.264	21.616	17.2%	17.016	2.000	2.600
Mexico	105.600	25.217	23.9%	9.624	15.593	–
Southern Cone	80.120	15.680	19.6%	9.267	6.410	0.003
Andean Zone	78.100	10.385	13.3%	6.084	2.968	1.329
Central America	21.610	2.937	13.6%	2.634	0.303	–
Caribbean	17.074	2.283	13.4%	2.100	0.183	–
Totals for Region	**423.768**	**78.118**	**18.4%**	**46.725**	**27.457**	**3.932**

Table 4: Latin American and Caribbean Debt Service Payments in Billions of U.S. Dollars by Subregion, for 1986/87 (a)

Subregion	Total Debt Servicing	Energy-sector Debt Servicing	Energy Debt Service as % of Total Debt Service	Energy Debt	Energy Debt Service as % of Energy Debt
Brazil	10.580	1.950	18.4%	21.616	9.0%
Mexico	11.369	2.993	26.3%	25.217	11.9%
Southern Cone	8.546	1.591	18.6%	15.680	10.1%
Andean Zone	8.518	1.081	12.7%	10.385	10.4%
Central America	2.086	0.315	15.1%	2.936	10.7%
Caribbean	1.448	0.250	17.3%	2.283	10.9%
Totals for Region	**42.547**	**8.180**	**19.2%**	**78.118**	**10.5%**

Note (a): The debt service information for Brazil, Argentina, Chile, Paraguay, Venezuela, Colombia, Peru, Bolivia, Nicaragua, El Salvador and the Caribbean is for the year 1986; for the remaining countries in the region, the data are for 1987.

THE SENATE

Tuesday, November 7, 1989

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

Prayers.

[*Translation*]

QUESTION OF PRIVILEGE

Hon. Michel Cogger: Honourable senators, last week I addressed this house on a question of privilege in an attempt to set the record straight on two articles published that day in an English-language Montreal daily which cast doubt on my professional activities.

The next day, the same daily reported further allegations on another matter and since then, these allegations have been the subject of many questions in the other place.

Last Thursday morning, after discussing it with him on the telephone, I wrote to the Honourable Lowell Murray in his capacity as Leader of the Government in the Senate to ask him to set up a committee to examine all these questions and allegations and to give me the opportuniity to be heard.

I did so for several reasons. First and foremost were the seriousness and lack of foundation of the insinuations about me, especially those concerning my activities in Pluri-Canaux Limited with the Federal Business Development Bank and Hydromega Developments.

I soon realized that such serious matters could not be properly debated in the highly partisan atmosphere of the other place. To convince oneself of that, just recall a particularly outrageous remark made by a member of the other place during debate, which prompted a vigorous intervention by the Speaker.

It therefore seemed essential to me to find a forum that would look for the truth rather than headlines, in an atmosphere more suitable for justice than for political gain. That is why I spoke to Senator Murray.

A few hours after my letter was sent to the Leader of the Government in the Senate, I learned, as he did, from the Solicitor General that the RCMP had undertaken to look into this whole matter.

I am glad of it because the thorough review by unbiased professionals which I had sought is thus assured; also I will have the opportunity to give my version of the facts.

[*English*]

Allow me, honourable senators, to take a few minutes to touch briefly upon the treatment I have been subjected to over the last 12 months by the Montreal daily *The Gazette*, and more particularly by a couple of its reporters.

Honourable senators may know that during that period, under the guise of reporting on a legal dispute between two businessmen, this newspaper has consistantly conveyed the impression that I was a major player—indeed, not a very savory role—instead of my real role as that of a potential witness.

Yet, while the said newspaper managed to highlight my name virtually every day throughout the month of June, I was not even called as a witness.

It is interesting to note that, according to sworn testimony given at the trial, one of the reporters in question is the close friend of one of the attorneys for the plaintiff. Indeed, he was the named beneficiary of an insurance policy on the attorney's life. When the 100-page judgment was finally rendered about a month ago I rated a mere three-line mention, in which the judge stated, referring to a letter that I had written to one of the parties, and I quote:

[*Translation*]

> This letter did not cause Mr. Tsuru to make his commitment, since it was written at a later date.

[*English*]

These new allegations and insinuations, honourable senators, are the work of the same people who, over the last 12 months, have shown total disregard for fair and balanced reporting.

[*Translation*]

The fact that one is a senator does not place one above the law. On the other hand, it should not deprive one of the rights enjoyed by all Canadian citizens to a fair and equitable hearing and a possibility to be heard.

Considering the statements made by the Solicitor General, I am now convinced that consideration of the whole matter will receive the attention it deserves, in the proper atmosphere, and that I will be provided with the opportunity to be heard.

Therefore, honourable senators, by granting now the request I submitted to Senator Murray for an investigation might at best result in duplication of effort and at worst it might hinder the cause of justice. I also would suggest that justice would be better served at this time should my request be put on hold until the RCMP have completed their investigation.

In conclusion, Your Honour, I wish to inform the honourable senators that this morning I contacted the Honourable Robert Layton, Chairman of the Conservative Party Caucus, to inform him of my intention to abstain from any caucus proceedings and activities pending a decision on this matter. Thank you very much.

[*English*]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable

senators, as our colleague has just stated, he was in touch with me on Thursday last to let me know that he intended to request that we establish a committee to give him an opportunity to respond to the allegations that have been made with regard to the propriety of his conduct—allegations that have been made in the newspapers and repeated in the House of Commons. He then followed that up with a letter to me, which I think is part of the public record. In any case, I shall place on the Senate record a very brief letter stating:

> In recent days, a variety of insinuations of impropriety have been made in the media and in the House of Commons relating to me in the conduct of my professional activities as a lawyer.
>
> Notwithstanding my public denials, some members of the media and of the House of Commons have persisted in these insinuations.
>
> I am writing to you to request that these matters be referred to an appropriate committee of the Senate and afford me the opportunity to respond.

Honourable senators, upon receipt of that letter I consulted with several of you to discuss how best to proceed. We considered what sort of committee to set up. We also considered its composition, terms of reference, and what reporting deadline, if any, we should impose upon the committee.

In summary, we would have been ready today or tomorrow to proceed with the motion that I think would have been acceptable to honourable senators to give effect to the request that Senator Cogger had made of us.

Having said that, I must say that I appreciate the position Senator Cogger now finds himself in. A few hours after making this request he learned, from the public statement of the Solicitor General, the minister responsible for the RCMP, that the Royal Canadian Mounted Police were undertaking an investigation of these matters. That has since been confirmed. Within recent days the Royal Canadian Mounted Police have, in fact, launched an investigation into these matters. Senator Cogger is obviously of the view that, while he will cooperate with a police investigation and would cooperate with a Senate inquiry, it is not proper that he should be asked to deal with both at the same time. I must say I sympathize with his situation and with his view of what is in his best interests.

I must also add that, so far as the Senate and the administration of justice are concerned, it is my view that the course suggested by Senator Cogger is the proper course to follow; that is, we should put the establishment of our committee on hold until the RCMP have completed their investigation. When that is done, we can then consider what matters are of particular concern to the Senate and can undertake, if it is our desire to do so, a committee inquiry at that time. This is not only in the interests of the Senate and of the administration of justice but is also consistent with the position we have taken in the Senate in other instances of this kind in the past.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to say a word or two about the question now before the Senate.

[Senator Murray.]

The matter has come to the Senate not through any activity of or statement by any member of this side. In fact, the matter came formally before the Senate through the statement made by Senator Cogger himself. However, it is important to draw to the attention of the Senate that this question has developed a life outside the Senate.

We know, as Senator Cogger has mentioned, that questions—maybe allegations—have been made in the other place. There were also calls on the part of members of that place for action by the government in the way of an investigation.

There was a series of statements made by ministers—and even the Prime Minister—to the effect that the appropriate place for an investigation of the facts was the Senate of Canada. Mr. Andre, the Minister of Regional Industrial Expansion and Minister of State for Science and Technology, stated:

> . . . the member is referring to reports alleging impropriety on the part of an honourable senator. That should be dealt with in the other place.
>
> I think that is the appropriate forum for that issue to be dealt with.

One might not have paid undue attention to Mr. Andre because of his portfolio, but the law officers of the Crown expressed their views as well. The Solicitor General stated:

> The appropriate forum to deal with this matter is the other place. It is there that they should decide whether charges should be laid or considered.

Later on he said:

> I suggest it is the responsibility of their Members to deal with these issues.
>
> This matter is in the other place, and the other place should deal with that.

Honourable senators, I am reciting these quotations for a reason.

• (1410)

The Minister of Justice stated:

> . . . this is a matter for the Senate. That is where the job should be done.

I may say that, even when the Solicitor General made reference to the possibility of a police investigation, at the same time he stated that it was a matter that concerned the other place.

Perhaps, parenthetically, I should draw the attention of honourable senators to the fact that on November 2 the Solicitor General said:

> . . . this morning I was informed by the RCMP that it was now considering whether there was a case for conducting a formal investigation.

He stated further:

> . . . the RCMP informed me it was now looking at all the facts to see whether there was a case for conducting a formal investigation.

Honourable senators, I take it that the situation has moved forward since those comments by the Solicitor General, in the light of the statement made by the Leader of the Government in the Senate today that now there is to take place a full, thorough and formal investigation into this matter.

I then come to the comments of the Prime Minister who, as head of the government and in dealing with this matter, said:

> . . . he—

referring to Senator Cogger

> —has asked for the Senate to constitute an appropriate investigation of his activities. I am informed by the Leader of the Government in the Senate that that will be acceded to.

That is a quotation from the Prime Minister, at page 5469 of *Hansard*.

Later, the Prime Minister said:

> An allegation has been made against him—

Again, presumably, Senator Cogger

> —and he's denied it. Not only has he denied it, he's invited the Senate to examine his conduct. What could be more forthcoming than that? I think it's the proper way to proceed.

So, honourable senators, last week we had a series of statements from members of the government calling upon the Senate to take action. I must say that I, personally, did not appreciate the pressure, but it is a fact.

Then today Senator Cogger, despite his request last Thursday to the Leader of the Government to have a Senate inquiry, has withdrawn his request. I think that is a mistake. If I may say so humbly, it is a mistake to have withdrawn the request both for Senator Cogger and for the Senate, because, in the fragile position we occupy in the political domain of Canada, our actions will be scrutinized for any coloration of protective attitudes to one another. So I say that it is impossible, in the minds of the Canadian public, to turn back the clock and to cleanse the political atmosphere and climate of all the requests that were made, both by the government and by Senator Cogger, to have an inquiry in the Senate.

Honourable senators, I must say, as did Senator Murray, that I sympathize with Senator Cogger in his situation, but, as I have said, I disagree with his request to withdraw. I believe it would be in the interests of the Senate and in the interests of Senator Cogger to proceed with this committee inquiry. We on this side of the house would support such an inquiry and we would invite the Leader of the Government to reconsider his position.

I should like to comment on the substantive reasons that Senator Cogger put forward with respect to the, shall I say, danger of a Senate inquiry proceeding at the same time as a police inquiry. The first point referred to duplication of effort. I believe that burden could be borne, in the interests of demonstrating that the Senate is prepared to carry out the request of the government, which was initially the request of Senator Cogger. Presumably the interests of the Senate as a whole would be served. The second reason referred to the possibility that such a process might hinder the cause of justice. I am not in a position to comment on that point. However, I would suggest that any members who might be selected to sit on this Senate committee would have to be very sensitive to their conduct so that their conduct would not in any way impede or affect the cause of justice. I noted that Senator Cogger used the word "might" in reference to this point, so it is a matter of uncertainty even in his mind.

Honourable senators, I understand Senator Cogger's situation and the position of Senator Murray, who is, undoubtedly, as he said, sympathetic to Senator Cogger's situation. However, I believe that in the circumstances, and in view of the background, a decision not to proceed with a Senate inquiry, or at least the setting up of a committee, would be misunderstood and would not be helpful to the Senate or, indeed, to Senator Cogger.

Senator Murray: Honourable senators, I appreciate the points that have been made by the Honourable the Leader of the Opposition and the considerations that have motivated his comments this afternoon. My concern is not so much with the conduct of honourable senators who might become members of such a committee as with the general atmosphere, including—and I mean no offence to anyone when I say this—the media coverage that accompanies these committees and the relationship of that process to a formal police investigation that is under way.

I did say in my opening remarks that to put such a committee study on hold for the time being, which is what is being proposed here, would be entirely consistent with actions we have taken in other cases in the past. The cases are not entirely identical. Honourable senators will recall that in the case of our friend, Senator Argue, the Internal Economy Committee conducted an *in camera* hearing of the matter. The committee reported to the Senate and the Senate decided, with my full support if not at my initiative, that we should not deal with that report until, first, the police had completed their investigation, which they had only just begun, and, second, the committee had looked into another set of facts pertaining to the same honourable senator.

I have examined the record in several other cases, notably that of our former colleague, Senator Giguère, in a matter which arose , I think, in 1975. That case was closer to the situation we have today, in that statements were made in the other place; a police investigation was under way; and Senator Giguère rose in his place to deny any conflict of interest and to invite honourable senators to set up a committee, if they wished, to consider the matter.

• (1420)

Meanwhile, some other matters intervened, including the execution of search warrants in this building. In the event, some consideration was given to whether a committee should be set up, and Senator Flynn, the then Leader of the Opposition, rose in his place to state that, while a judicial inquiry or some other form of inquiry might be warranted, he saw that there was an investigation going on that had touched not only

Senator Giguère but a number of other people. Then the Leader of the Opposition very firmly expressed the view that the Senate should not at that time proceed with a committee inquiry but, rather, should put the matter on hold until the results of the police investigation were known. Senator Flynn said that, when the results of the police investigation were known, honourable senators might, at that point, consider whether there were matters that affected Senator Giguère's role as a senator, and therefore affected the privileges of the Senate, and which the Senate should look into.

Honourable senators, since I am not in touch with the police I have no way of knowing how long it will take them to complete their inquiry, but I would not think it would take very long. The allegations in question are there. Presumably, they can be investigated and some conclusion arrived at by the police. If no further action is to be taken by the police, then Senator Cogger and, indeed, honourable senators may well feel that the facts should still be put on the table and Senator Cogger should have an opportunity to respond publicly to them, since a police investigation does not give him the opportunity to do that. At that time we can consider proceeding with our committee.

The Leader of the Opposition has suggested that, at the least, we should consider setting up the committee as evidence, I assume, of our intention to look into the matter at the appropriate time and in the proper way. That is a matter to which I will give further consideration and on which I will consult honourable senators.

It is, of course, the prerogative of any honourable senator to move to have a committee set up, if he or she wishes to do so, but I think we would all prefer to proceed on the basis of consensus on a matter of this kind, affecting, as it could, the privileges of the Senate as well as of an honourable senator.

I will leave it at that for the moment. However, I continue to believe that we are following the right procedure in the case of our friend, Senator Argue, and that the right procedure was followed in other precedents I have inquired into in the last couple of days. I want to be sure that we follow the right process for Senator Cogger, for the Senate and for the administration of justice in this case. I will leave it at that for the moment and consult further. We shall, no doubt, have the opportunity to discuss the matter again tomorrow or the next day.

Senator MacEachen: Honourable senators, I do not want to prolong the discussion, and, if it were in private, I would not even make these comments. However, I think it is important to draw a distinction between the present case and that of Senator Giguère. I do not recall that at that time there were calls by the Prime Minister, the Minister of Justice and the Solicitor General for the Senate to discharge its responsibilities by having an inquiry. I think that has introduced a very major element into this situation, an element that did not exist in the prior case. I know how sensitive these matters are, but I do not think the case of my honourable friend to my right is instructive at all in this situation, if only for the fact that it dealt with matters internal to the Senate, and that the process of examination commenced within a committee before the matter was ever dealt with by the police. In any event, I just make those comments so that another point of view will be on the record. I end by saying that I think it would be wise to set up the committee, to have some consideration of the points that have been made about a parallel examination and the impairment of rights, as a way of ensuring that we are moving on solid ground. I thank the Leader of the Government for his willingness to reconsider the setting up of a committee.

[Senator Murray.]

[*Translation*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

7 November 1989

Sir,

I have the honour to inform you that the Honourable Charles Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 7th day of November, 1989, at 4:45 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,

LÉOPOLD H. AMYOT
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

[*English*]

PRIVATE BILL

THE SAFEGUARD LIFE ASSURANCE COMPANY—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-5, to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec, and acquainting the Senate that they had passed the bill without amendment.

● (1430)

DEPARTMENT OF FORESTRY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-29, to establish the Department of Forestry, to amend the Forestry

Development and Research Act and to make related amendments to other acts.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

UNEMPLOYMENT INSURANCE ACT EMPLOYMENT AND IMMIGRATION DEPARTMENT AND COMMISSION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SEVENTH REPORT OF COMMITTEE PRESENTED

Hon. Jack Marshall, for Hon. Lorna Marsden, chair of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, November 7, 1989

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

SEVENTH REPORT

Your Committee, through its Sub-committee on Veterans Affairs, met Wednesday, October 18, 1989 to consider the Veterans Affairs Votes 1, 5, 10, 15 and 20 of the 1989-90 Estimates, pursuant to the Order of reference from the Senate of June 28, 1989.

Your Committee submits an interim report on the above order of reference and recommends that the Votes referred to be concurred in.

Your Committee will continue to pursue its assessment of the activities of the Department of Veterans Affairs as well as all areas of responsibility covered by Veterans Affairs Votes 1, 5, 10, 15 and 20 of the 1989-90 Estimates.

Respectfully submitted,

LORNA MARSDEN
Chair

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

On motion of Senator Marshall, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-SIXTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, November 7, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-SIXTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Agriculture and Forestry for the proposed expenditures of the said Committee. The said supplementary budget is as follows:

Transportation and Communications	$ 2,400.00
All Other Expenditures	7,600.00
TOTAL	$10,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*English*]

TWENTY-SEVENTH REPORT PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, November 7, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-SEVENTH REPORT

Your Committee recommends that the Senate agree with the request from the Auditor General dated November 3, 1989 to perform a comprehensive audit of the Senate.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

BILL C-21

NOTICE OF MOTION TO APPOINT SPECIAL COMMITTEE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I give notice that on Thursday next, November 9, 1989, I will move:

That a special committee of the Senate be appointed to consider, after second reading, the Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act; and

That nine senators, be designated at a later date, four of whom shall constitute a quorum, act as members of the special committee; and

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

Honourable senators, because this is only a notice, and not a motion, I ask for leave to give a short explanation as to why I have given notice.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I give notice of this motion because I think it is one of the possibilities for dealing with Bill C-21. I do not foreclose other possibilities, which could include, if we amended our rules accordingly, the setting up of a legislative committee. It would also be possible for a standing committee to deal with it. I wanted to lay this down as a possibility, and to give due notice for doing so, so that it could be included in the examination of these possibilities for dealing with Bill C-21, and in consultations within the two caucuses and also between the leaderships.

Hon. Hartland de M. Molson: Would the honourable senator permit a question?

Senator Frith: Yes.

[Senator Rom]

Senator Molson: What is the reluctance to have this bill go to a standing committee? We seem to be fairly well equipped in standing committees in this chamber. Most of them are very efficient and have a well qualified membership. I just wonder why another special committee would be indicated in this particular case.

● (1440)

Senator Frith: The appropriate standing committee or committees that would deal with this legislation have a fairly full plate at the moment. That is why I wanted to make this suggestion. It may be that that is, indeed, where the legislation will go, but I wanted this possibility put forward for consideration.

[*Translation*]

LEADER OF THE GOVERNMENT IN THE SENATE

NOTICE OF MOTION FOR TABLING OF DOCUMENTS SENT TO NEWSPAPERS AND MAGAZINES

Hon. Eymard G. Corbin: Honourable senators, I give notice, on behalf of Senator Molgat, that on Thursday 9th November 1989, I will move that there be laid before this House copies of all articles, letters to the editor, comments, sent to all newspapers and magazines in Canada by Honourable Senator Lowell Murray, Government Leader in the Senate, since 3rd June 1987, showing the dates on which each of these were sent, and the names of the newspapers and magazines to which they were sent.

[*English*]

AGRICULTURE AND FORESTRY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO UNDERTAKE STUDY

Hon. Efstathios William Barootes: Honourable senators, I give notice that on Wednesday, November 8, 1989, I will move:

That the Standing Senate Committee on Agriculture and Forestry be authorized to undertake an urgent study, up-dating the special study of the Committee on Farm Finance of 1987-88, to consider the degree to which existing government policy and programs are responding to the continuing difficulties of Canadian farmers; and

That the Committee present its report no later than December 20th, 1989.

QUESTION PERIOD

GOODS AND SERVICES TAX

NEGATIVE IMPACT—IDENTIFICATION OF "TENTH" PROVINCE—REQUEST FOR COPY OF STUDY

Hon. H.A. Olson: Honourable senators, I should like to direct a question to the Leader of the Government in the

Senate. It has to do with a question that I have asked him a number of times, which is whether we could have a copy of the study that the Minister of Finance, Mr. Wilson, used when he said that nine provinces would gain and that one province would suffer a negative effect from the proposed goods and services tax. I asked him several times for a copy of that study and on several occasions, honourable senators, he gave me a reply of some kind, in one way or another. But finally I received a report. It is entitled: "An Econometric Model Study of the Goods and Services Tax: A Regional General Equilibrium Analysis". Pretty heavy duty stuff, if I may say so.

In any event, there are 65 pages in the report, a number of which contain a series of what look like algebraic equations and that sort of thing. If one were to go through that report to try to understand it, one would have some problems. Chapter 3, for example, is entitled: "Microconsistent Equilibrium Data and Parameters of the Simulations that are Contained Herein". I must tell the Leader of the Government that I have read all of this report, though some parts of it I had to reread very carefully to comprehend all of it. I do not claim to have 100 per cent comprehension, but I have been through this process before so I understood most of it.

I did not, however, find the answer to the question I asked. That is the problem. I looked through all of the index and finally found, at chapter 4.2, a subheading entitled: "Regional Consequences". Looking at that, honourable senators, it is clear that there is no place in this entire report that singles out any provinces of the Prairies—it just says that the Prairies would gain 2.5 per cent. Well, I already knew that, because Senator Murray told me that before. I repeat, however, that nowhere in this entire study is either Alberta or Saskatchewan or Manitoba singled out with respect to which is going to gain. I might say that nowhere in this report does it say that nine provinces will gain and one will lose from the GST.

Therefore, I ask the Leader of the Government again: Can we have the report that the Minister of Finance used to come to the conclusion that nine provinces would gain and one province would lose as a result of the GST? Just so that I do not have to ask a whole lot of supplementary questions, we suspect that Alberta is the one spoken of as "the loser." I want to know the answer to that question, honourable senators. I do not want the government leader to refer to what Dick Johnston, the provincial treasurer, has already said. He is apparently going to give his report in the next day or two—at least, he said that he would release it when the first ministers meet. Could we also be provided with a copy of that report?

The people of Alberta will want me to ask a number of questions if we find out that it is, indeed, Alberta that is spoken of as the loser in this great game of changing the tax base. I repeat: Would the minister now quit playing games with me, and let me know what report it is that they are using to decide that one province will be a loser as a result of the GST?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I hope this is not a dialogue of the deaf that we are having here. The honourable senator talked about which provinces would win and which provinces would lose. I keep asking him: Win what? Lose what?

Senator Olson: Economic activity. That is what the Minister of Finance said.

Senator Murray: I think not.

Senator Olson: Well, don't tell me what I want to ask.

Senator Murray: The honourable senator already told me what not to tell him in reply. I don't see why I shouldn't tell him what he wanted to ask.

The fact of the matter is that no province will be a loser as far as economic growth under the GST is concerned.

Senator Olson: Then Mr. Wilson was mistaken, I take it, when he said there would be a negative impact on one of the ten provinces.

Senator Murray: Honourable senators, I do not believe that Mr. Wilson has stated that any province would be a loser in terms of economic growth or economic impact under the GST. Whether he was speaking about provincial government revenues is another question. While there may be an apparent loss of provincial revenues in a direct sense, due to the positive economic impact, provincial revenues, too, will be net winners under the GST.

I have a delayed answer to the question the honourable senator asked, which the Deputy Leader of the Government will table in a few moments. However, if Senator Olson would prefer, I could read it into the record.

Senator Olson: Yes, I would prefer that.

Senator Murray: This delayed answer is in response to a question raised in the Senate on October 31, 1989, by the Honourable H.A. Olson regarding Goods and Services Tax—Negative Impact—Identification of "Tenth Province"—Request for Copy of Study. It reads as follows:

> Our own analysis shows that the provincial net fiscal position will not be negatively affected by the GST.
>
> As the Minister of Finance has made clear, the GST is not a valid excuse for the provinces to raise taxes.
>
> The honourable Senator has referred to Alberta. I would like to inform the Senator that sales tax reform will be of major benefit for the Alberta economy since Alberta's industries are capital-intensive and export-oriented. Indeed, our analysis confirms that Alberta is one of the greatest beneficiaries of sales tax reform.
>
> These significant gains in economic growth and competitiveness in the province will pay dividends to Albertans and the Alberta Government.

Senator Olson: When the government leader talks about "our analysis" and "we," is he referring to the Government of Canada?

Senator Murray: Yes, honourable senators.

Senator Olson: If the honourable senator had given us that information in the first place, we would not have had to do all of this dancing around.

He has, however, missed one thing. He has yet to find a study upon which even that assertion has been made. I do not see why he does not tell us that and provide us with the study. Apparently he can dig up econometric model studies and all that sort of thing. Where is the one that comes to the conclusion referred to by the Minister of Finance, or whoever has come to that conclusion? We would like to see that econometric study, or whatever it is.

Senator Murray: Honourable senators, I know that Senator Olson, a former Minister of State for Economic Development, will be familiar with that kind of material. That is why we sent it to him. If he examines it a little more closely, I think he will find the information he is looking for.

Senator Olson: No, honourable senators, that information will not be found in the study that was sent to me. I read it very carefully and there is absolutely no place in the study that singles out one province on the Prairies. Why doesn't he come clean and tell us? Is he saying that the Minister of Finance was talking through his hat when he said that?

• (1450)

Senator Murray: Honourable senators, I will see what other material is available to assist the honourable senator.

THE SENATE

ELECTION IN ALBERTA TO FILL VACANCY

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. Have there been any discussions between the federal government and Premier Getty since October 16 on the government's position of filling the Senate vacancy in Alberta with the candidate that was selected during the Alberta selection process on October 16?

I ask the question because the Premier of Alberta indicated yesterday, in Edmonton, that he would seriously reconsider continuing his support of the Meech Lake Accord if that individual were not appointed to the Senate.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, there have been no discussions on behalf of the federal government with Premier Getty on that matter since the date mentioned by my honourable friend.

Senator Fairbairn: Honourable senators, can we expect that the Prime Minister will make a decision quickly on this Alberta choice, or has this been caught up in the tangled web of Meech Lake to the point of postponement until the outcome of that process becomes clear one way or the other?

Senator Murray: Honourable senators, I keep reminding my friend that Meech Lake is not a tangled web but a seamless web.

The Prime Minister will take the matter under consideration and will make a decision in due course. However, I do not know what my honourable friend means by "quickly." I do not expect that it will be made today or tomorrow.

[Senator Olson.]

FILLING OF ALL VACANCIES

Hon. Joseph-Philippe Guay: Honourable senators, last week I asked a supplementary question to that of the Honourable Senator Fairbairn with regard to making representations to you requesting the Prime Minister to consider all vacancies in the Senate instead of only the vacancy in Alberta, because it is important that all the empty seats should be considered. If he is to consider the vacancy in Alberta, he should consider all the other vacancies also.

My question is: Have you made representations on my behalf to the Prime Minister?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes, honourable senators, that matter has been brought to the Prime Minister's attention. I assure the honourable senator that he will consider it.

There are several vacancies in the maritime provinces, as my friend is aware—in Nova Scotia and New Brunswick to be more precise—and several in Quebec and Ontario. There are eight vacancies altogether.

The Premiers of Ontario and New Brunswick have, for the time being, declined, as I understand their position, to submit names in accordance with the process agreed upon in the political accord at Meech Lake, but I expect that that situation will not persist forever and that in due course we will have lists of names from those premiers.

ELECTION IN ALBERTA TO FILL VACANCY— CONSTITUTIONALITY OF PROVISION OF ALBERTA ACT

Hon. Jerahmiel S. Grafstein: Honourable senators, last week I asked the Leader of the Government in the Senate a question dealing with the constitutionality of the Alberta Act, which was part of the process that led to the election in Alberta of the so-called nominee to the Senate. I think I asked the Leader of the Government at that time if he had considered whether or not the form of the legislation was unconstitutional and whether or not he had referred that matter to his law officers. He said that he would consider that.

Today, in the *Globe and Mail*, an article appeared opposite the editorial page that questioned the very constitutionality of the election *per se*, in the sense that it was stated that it might be an unconstitutional process.

The question that I ask the Leader of the Government in the Senate, for the edification of all senators, is whether or not he can seek the advice of the law officers of the Crown and give this place some comment about whether or not the very action taken by the Government of Alberta was unconstitutional.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The honourable senator's question was rather more precise than that, as I recall. Nevertheless, for what it is worth, I can easily give my opinion to the honourable senator that not even the Parliament of Canada would have the right to hold an election for a senator.

An Hon. Senator: Hear, hear!

Senator Olson: Then why did you let him get away with it?

Senator Murray: That would require a change in our Constitution. Whether or not the consultative process, as Premier Getty calls it, that the Government of Alberta has held in that province with a view to providing him with a name to submit to the federal government under the Meech Lake process would be found unconstitutional is another matter. Before rushing into public on that, I would wish to take counsel.

Senator Grafstein: Perhaps, while the Leader of the Government in the Senate is doing that, he might also, in his fuller response, advise the Senate—if the law officers have come to a certain conclusion and that advice is accepted by the government, namely, that the election in Alberta was unconstitutional, or *ultra vires*—why the law officers of the Crown did not challenge that legislation at an early stage to save the citizens of Alberta the cost of the election.

Senator Murray: I appreciate the hindsight of my honourable friend. I will take it under advisement.

CONSTITUTIONALITY OF PROVINCIAL LEGISLATION—OBLIGATION OF MINISTER OF JUSTICE

Hon. H.A. Olson: I have a supplementary question, honourable senators. That is not hindsight. Unless this government has changed the practice—and they do not have any right to—the Minister of Justice is obliged to look at provincial legislation on a regular basis and to sign that he believes that it is within the Constitution. Has this government failed to do that?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, if that is the case, I will confirm that it is the case and so report to the Senate. However, that is not my impression of the situation. My understanding of the situation is that the Attorney General of Canada is required to attest that legislation that the Government of Canada presents in Parliament—

Senator Olson: And in the provinces!

Senator Murray: —is not inconsistent with the Canadian Charter of Rights and Freedoms. I am not aware that there is an obligation on the Minister of Justice to sign anything where provincial legislation is concerned, but I will inquire into that and report to my friend.

● (1500)

FISHERIES

DECISION OF BILATERAL PANEL ON MANAGEMENT OF WEST COAST FISHERIES

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. I presume he is aware of the press release that was issued yesterday by the Minister of Fisheries and Oceans and also by the Minister for International Trade stating that the Government of Canada would be accepting the decision of the bilateral panel regarding the management and processing of the herring and salmon fisheries on the west coast.

Perhaps the Leader of the Government could inform this house whether or not we could regard that as a precedent and that, in fact, all bilateral panel decisions in future will be accepted by the Government of Canada.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): No, honourable senators.

Senator Thériault: Can the Leader of the Government in the Senate then tell us, very briefly, why this present recommendation was accepted?

Senator Murray: Honourable senators, I shall ask for a statement from my colleagues, the Minister for International Trade and the Minister of Fisheries and Oceans, which I trust will satisfy the honourable senator.

THE SENATE

SUBMISSION OF LIST OF CANDIDATES TO FILL VACANCIES

Hon. Azellus Denis: Honourable senators, going back to the question of the appointment of senators, I should like to know whether the onus is on the Government of Canada to ask the relevant province for a list of prospective senators or whether it is up to the province concerned to submit such a list.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that point is not covered in the Meech Lake Accord. However, this is a consultative and negotiating process, and in the cases of both Quebec and Newfoundland, where the Prime Minister has already made appointments to the Senate under Meech Lake, I am really not aware whether he made the first call or whether the provincial premier in question made the first call. In any case, names acceptable to the Queen's Privy Council of Canada were chosen by the Prime Minister from among names submitted by the provincial premiers in question.

Hon. Joyce Fairbairn: Honourable senators, referring back to the exchange between Senator Grafstein and Senator Murray, it is my recollection that back in November 1987 Senator Murray indicated in this chamber that it would not be the government's position to suggest to provincial premiers how they should go about making up the list of names of prospective senators that they would send to the Prime Minister in Ottawa.

Senator Murray: Yes, honourable senators, I said that many times, and I have repeated what the relative provision of Meech Lake is—that names, plural, are to be submitted to the Prime Minister of Canada, and the appointee will be someone who is acceptable to the Queen's Privy Council of Canada. I am glad of the opportunity that the honourable senator has given me to repeat that.

Hon. Allan J. MacEachen (Leader of the Opposition): So it does not count if only the Prime Minister agrees; he must get the whole cabinet to agree?

Senator Olson: That is not the way it works!

Senator MacEachen: No, the Prime Minister always asserted his personal prerogative, which you have now removed with Meech Lake.

Senator Murray: It is still done on the basis of an instrument of advice from the Prime Minister to Her Excellency the Governor General.

Senator MacEachen: In that case, the privy councillors mean nothing!

Senator Murray: We mean as much as we always did.

ELECTION IN ALBERTA TO FILL VACANCY—
CONSTITUTIONALITY OF APPOINTING SUCCESSFUL CANDIDATE

Hon. Douglas D. Everett: The article that appeared in today's *Globe and Mail* talked about the unconstitutionality of appointing to the Senate a senator elected in Alberta. Would the Leader of the Government in the Senate not agree that the lack of constitutionality would occur not from the Province of Alberta's having held an election but, rather, from the act of the Prime Minister in appointing someone to the Senate from a list that contained only one name rather than a panel of names?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I must confess that, in this case, I saw the headline of that article in the *Globe and Mail* but did not read further. However, I shall read the article when I have the opportunity.

There have been other articles relating to the constitutionality or otherwise of the legislation that have appeared in both the eastern and western press. However, I shall read the *Globe and Mail* article and, if any further comment is required on my part, I shall make it.

LECH WALESA

LAYING OF REMEMBRANCE DAY WREATH AT NATIONAL WAR MEMORIAL, OTTAWA

Hon. Stanley Haidasz: Honourable senators, two weeks ago Shirley Carr, the president of the Canadian Labour Congress, issued a press release stating that Lech Walesa, the leader of the Polish labour movement "Solidarity" and Nobel Peace Prize laureate, will, on Remembrance Day, participate in a wreath-laying ceremony at the National War Memorial.

However, today the Canadian Press issued a news release stating that the Prime Minister's Office has excluded Lech Walesa from the wreath-laying ceremonies. My question to the Leader of the Government in the Senate is whether the soured relations between Shirley Carr and the Prime Minister had anything to do with this cancellation.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, if I read the same news articles as my honourable friend, I understand that spokesmen in the Prime Minister's Office have denied the earlier allegation that was made. Also, if I am not mistaken, the ceremonies at the Cenotaph are under the direction of the Canadian Legion.

[Senator MacEachen.]

In any event, the government and all Canadians will be delighted to have Lech Walesa in this country; and, if I am not mistaken, the Prime Minister is meeting with him while he is here, as is the Deputy Prime Minister and other senior ministers.

Senator Haidasz: Honourable senators, it has been confirmed that the Prime Minister will be meeting with Lech Walesa on Monday, November 13. However, I would again ask the Leader of the Government in the Senate to confirm whether Lech Walesa will be participating at the wreath-laying ceremonies at the National War Memorial on Remembrance Day.

Senator Murray: Honourable senators, I have no way of knowing that. However, unless I am mistaken, those ceremonies are not under the authority of the government. I seem to think that they are under the authority of the Canadian Legion. I may be wrong in that, but, in any case, I do not know the answer to the senator's question.

I understand that Mr. Lech Walesa is laying a wreath at the Cenotaph in Toronto on the evening of November 11, but I have no official information on whether or not he will be in attendance here in Ottawa at such a ceremony.

Senator Haidasz: Honourable senators, would the Leader of the Government in the Senate find out and inform this chamber, either tomorrow or Thursday, of the reasons why Mr. Lech Walesa's participation in the wreath-laying ceremony at the National War Memorial on Remembrance Day has been cancelled?

Senator Murray: The honourable senator is citing newspaper articles and rumours and then asking me to comment on them. I read the same newspaper article as the honourable senator did. There were several assertions in that article. The first assertion was that Mr. Walesa was to have laid a wreath at the Cenotaph. That was stated on the basis of a press release put out by Shirley Carr. I was not aware that Shirley Carr—or the Canadian Labour Congress, for that matter—was involved in the ceremonies at the Cenotaph on November 11. The second assertion was that this information had turned out to be inaccurate; the third was that the Prime Minister's Office had somehow involved itself in the matter, and the fourth was that the Prime Minister's Office had denied having done so. However, although that is what I have seen in the media, I have no official information on the matter at all.

● (1510)

POSSIBILITY OF ADDRESS TO BOTH HOUSES OF PARLIAMENT

Hon. Stanley Haidasz: Honourable senators, I have a supplementary question. On Wednesday next Lech Walesa will be addressing both houses of the U.S. Congress. I would ask the Leader of the Government in the Senate whether any such address to the joint houses of Parliament in Ottawa will take place, either next week or the following week.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it seems to me that Mr. Lech Walesa will be appearing before a joint meeting of the Foreign Affairs Committee of

the Senate and the External Affairs and International Trade Committee of the House of Commons. Perhaps Senator Stewart, who is the chairman of our Foreign Affairs Committee, could enlighten us as to the time and place of that meeting.

Hon. John B. Stewart: Honourable senators, a communiqué to that effect has already been sent to Senator Haidasz's office.

[*Translation*]

INDUSTRY

REASONS FOR CLOSURE OF SQUARE "D" PLANT AT EDMUNDSTON, NEW BRUNSWICK

Hon. Eymard G. Corbin: Honourable senators, my question is directed to the Leader of the Government in the Senate. The Square "D" company whose headquarters are in Chicago, in the United States, has had a plant in Edmundston, New Brunswick since 1972. The plant has been in production for 17 years.

One hundred and fifty-five people work at the plant. The economic benefits for Edmundston and the region represent over $4 million annually. The company manufactures high quality electric switches and circuit breakers for household and commercial use in Canada.

Last week, the company announced in *Le Madawaska*, the local weekly, that the plant would close on January 2 next year, after 17 years' production. The weekly added, and I quote:

> No one wants to admit it, but the plant closing will be one of the direct consequences of the Canada-U.S. Free Trade Agreement.

In a region with a relatively high unemployment rate, not the highest but relatively high, the news has been depressing for people who have worked very hard over the years to broaden the region's economic base.

We are told the company will relocate or produce the same items in one of the states, although for many years the company has been saying the Edmundston plant was its most productive plant in Canada.

A connection is being made with the Free Trade Agreement. There seems to be no other reason why the company should shut down and close its plant in Edmundston.

Could the Leader of the Government make enquiries to determine the real reason why the company is putting a stop to operations in Edmundston, especially since in 1972, the federal government used generous subsidies under regional development assistance programs to attract the company to Edmundston.

I think it is unacceptable that today, a productive and cost efficient plant with highly skilled workers should be closed down simply because the company wants to produce in the United States, after all the assistance both levels of government have given the company. If there is a connection with the Free Trade Agreement between our two countries, I think the government has a moral obligation to insist that the company reconsider its decision.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will get in touch with the provincial government which is more directly involved in this case than the federal government.

Senator Corbin: Honourable senators, that is an answer I cannot accept because the federal government was directly involved in attracting this plant to Edmundston. Both governments were involved. It seems to me that what was good for the economy of Edmundston and the Madawaska area in 1972 should still be good today.

Are we going to spend money left and right on foreign companies and then give them the right to pack up and leave whenever they choose? Is that what we are doing?

Doesn't the present federal government also have a responsibility in connection with these foreign companies and their employees in this country? Shouldn't it demand the real reason for these plant closures?

Isn't the real reason the fact that they want to exploit the labour force in Canada and the United States, by moving where the cost of labour is lowest, in order to produce as cheaply as possible and keep the profits? Is that the kind of policy we are going to promote in the future? Is that what free trade will mean?

It is too bad Senator Perrault is not here today, because he could add Square "D" to his list of hundreds of companies that are leaving Canada because it will be cheaper for them to ship goods produced in the United States to Canada than to produce the same goods in Canada. That is really too bad.

Senator Murray: Honourable senators, the senator already quoted from a newspaper which said that company officials denied any connection between the company's decision to close the plant and the Free Trade Agreement.

The senator obviously refuses to accept this statement by the company.

I would say that even if the company's decision were linked to free trade, for every decision like that I could give the honourable senator or the Senate the names of dozens and even hundreds of companies that are expanding their presence in Canada and making major investments in Canada and New Brunswick, precisely because of the Free Trade Agreement.

[*English*]

FISHERIES

OMISSION OF PRINCE EDWARD ISLAND AND NEW BRUNSWICK FISHERMEN AND FISH PLANT WORKERS FROM FEDERAL FUNDING—AVAILABILITY OF UNEMPLOYMENT INSURANCE BENEFITS

Hon. M. Lorne Bonnell: Honourable senators, I noticed in the newspaper an article to the effect that the Government of Canada has set up a fund of $3 million for the fishermen and factory workers of Quebec, Nova Scotia and Newfoundland to help them through this coming winter if they do not have enough unemployment insurance stamps. Why were Prince Edward Island and New Brunswick left out of this fund, when the fishermen and factory workers of these provinces are facing the same kind of difficulties as they are facing in Quebec, Nova Scotia and Newfoundland?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my information is that there are sufficient funds

available to the federal government in New Brunswick and Prince Edward Island to meet present needs, and that supplementary funds had to be made available in the case of the other provinces because we were running out, or had run out, of money for that purpose.

● (1520)

Senator Bonnell: Would the minister tell us under what program the funds are available to Prince Edward Island fishermen and factory workers? I am referring to the program that would provide them with jobs so that they could earn enough stamps to collect unemployment insurance.

Senator Murray: I have information on the job development funding, which Mrs. McDougall and Madame Vézina announced, amounting to $3 million to provide fishing-industry workers in the Atlantic provinces and Quebec with enhanced training and employment opportunities. It is anticipated that these expenditures will assist more than 4,000 people, of whom approximately 3,400 are from Newfoundland.

The funding breakdown is as follows: $2 million for Newfoundland; $644,000 for Quebec; and $400,000 for Nova Scotia. The minister's statement is that Prince Edward Island and New Brunswick already have adequate funding available.

Senator Bonnell: Honourable senators, it is my understanding that a fisherman will receive a fisherman stamp only for the sale of fish and that if he does some community work he will no longer qualify for fishing stamps. Is it the intention of the government to increase the quota or to extend the fishing season so that fishermen can continue to receive fishermen's stamps so that, when necessary, they can draw unemployment insurance benefits under the fishermen's agreement, which is quite different from ordinary labour agreements under which most people draw unemployment insurance benefits?

Senator Murray: Honourable senators, I will take that question as notice.

DELAYED ANSWERS TO ORAL QUESTIONS
CANADA-SOUTH AFRICA RELATIONS

AMOUNT OF BILATERAL TRADE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a number of delayed answers which I would ask be distributed to the senators who asked the questions.

The first delayed answer is in response to a question asked in the Senate on October 24 last by the Honourable Senator Grafstein respecting Canada-South Africa Relations—Amount of Bilateral Trade.

(*The answer follows:*)

Recently released Statistics Canada's August trade figures indicate that imports from South Africa are down by 13 per cent, while exports are down by a dramatic 24 per cent from August 1988.

Imports for August were valued at $18.3 million, and $144.9 million for the year to date, a rise of 32 per cent over the same eight-month period in 1988.

Exports for August were valued at $5.8 million and $55.3 million for the year to date. The latter is a decline of 24 per cent over the same seven-month period in 1988.

With the likely exception of September figures, import levels are expected to show a tapering off for the remainder of the year.

CANADIAN TRADE WITH SOUTH AFRICA
(monthly figures for 1988 and 1989)

Month	Imports	%	Exports	%	Total	%	
JAN	$ 21.4	(9.4)	$12.3	(16.8)	$ 33.7	(26.2)	+ 29
FEB	$ 16.4	(3.0)	$ 4.0	(3.7)	$ 20.4	(6.7)	+304
MAR	$ 22.1	(17.6)	$10.1	(6.8)	$ 32.1	(24.4)	+ 32
APR	$ 18.4	(3.2)	$ 4.4	(11.4)	$ 22.8	(14.6)	+ 56
MAY	$ 15.5	(18.2)	$10.2	(8.5)	$ 25.7	(26.7)	– 4
JUNE	$ 17.7	(17.6)	$ 3.5	(7.3)	$ 21.2	(24.9)	– 15
JULY	$ 14.9	(20.0)	$ 5.0	(10.3)	$ 19.9	(30.3)	– 34
AUG	$ 18.3	(21.0)	$ 5.8	(7.6)	$ 24.1	(28.6)	– 16
TOTAL	$144.9*	(110.0)+32	$55.3*	(72.4)–24	$200.0*	(182.4)+9.6	

* Later revisions to monthly figures reflected in TOTAL, but not in monthly figures.

Note: Numbers in brackets are 1988 figures. 1989 figures are subject to revision.

[Senator Murray.]

Canadian trade with South Africa has declined 42 per cent (Statistics Canada) since the imposition of sanctions (1988 vs 1986). Over the same period, world-wide trade with South Africa increased by 39 per cent (based on IMF figures).

Trade in sanctioned products has been stopped. It is strictly monitored and enforcement action has been taken on a few occasions to ensure that there is no circumvention. Prior to the imposition of sanctions, trade in these products amounted to $100 million.

A strong trend is now visible in the non-sanctioned area of trade: for the last four months (May to August), we have seen both imports and exports fall well below their 1988 levels. As total trade is so small, there can be frequent ups and downs (for instance, first quarter 1989 figures are up, while second quarter are down.)

For the first eight months of 1988, compared to the same period in 1989:

—overall trade is up by 9.6 per cent;

—exports are down by 24 per cent;

—imports are up by 32 per cent.

Imports are heavily dominated by essential minerals upon which the Canadian steel and aluminum industries depend. These constitute approximately 50 per cent of our total imports.

A special government industry task force has been established to seek alternative sources for these minerals.

DISASTERS AND ACTS OF TERRORISM

EMERGENCY PREPAREDNESS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 18 last by the Honourable Senator Haidasz respecting Disasters and Acts of Terrorism—Emergency Preparedness.

(*The answer follows:*)

The Government of Canada is working closely with provincial governments in the development of a national earthquake response plan. For both constitutional and practical reasons, the responsibility for dealing with an earthquake rests principally with provincial governments, but the federal government of course stands by, as it does for all emergencies, to provide help to a province if requested.

Emergency Preparedness Canada is working closely with the Government of British Columbia in the development of a catastrophic earthquake response plan. Each federal department, agency and Crown corporation identified as having a part to play in earthquake response has had representatives attend a series of planning workshops with counterpart organizations of the Province of British Columbia. The catastrophic earthquake response plan which is being developed jointly will be used as a model for planning for other areas in Canada, primarily Quebec and New Brunswick which are also at risk.

Emergency Preparedness Canada's regional director in B.C. has been working very closely with provincial emergency officials and the media in raising awareness of measures to be taken to ensure maximum protection of life and property in such a disaster.

The office of the Solicitor General has also confirmed that an emergency plan also exists to deal with acts of terrorism. It is called the National Counter Terrorism Plan, that was accessed in August by the Ottawa *Citizen* and written about on September 12, 1989.

OPEN SKIES CONFERENCE

REQUEST FOR INVITATION TO SENATORS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 24 last by the Honourable Senator Hastings respecting Open Skies Conference—Request for Invitation to Senators.

(*The answer follows:*)

The negotiations on "Open Skies" will involve high-level delegations from NATO and Warsaw Pact member countries. As in all such negotiations on security-related matters, these will be conducted in private, involving only those appointed by their governments to national delegations. No observers will be present during the course of the negotiations.

However, the Government would be pleased to keep Canadian parliamentarians informed about the progress of the "Open Skies" Conference, and would be willing to consider any suggestions by parliamentarians as to how this might best be achieved.

CANADA-UNITED STATES FREE TRADE AGREEMENT

FINDING OF PANEL ON WEST COAST FISH LANDINGS—IMPACT OF ACCEPTANCE ON EAST COAST FISH LANDINGS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 18 last by the Honourable Senator MacEachen respecting Canada-United States Free Trade Agreement—Finding of Panel on West Coast Fish Landings—Impact of Acceptance on East Coast Fish Landings.

(*The answer follows:*)

The Panel was asked to consider the consistency under the FTA and the GATT of the landing requirement for West Coast salmon and herring. This was the only question before the Panel and the Panel's findings deal only with the facts before it on that particular issue.

There is nothing in the FTA to suggest that a Final Report is applicable to other situations. Canada retains its

rights under international law to impose a landing requirement for fish caught in its waters for fisheries management and conservation purposes.

COMMONWEALTH CONFERENCE

REPORT ON SANCTIONS—REQUEST FOR TABLING. REPORTS OF FOREIGN MINISTERS—REQUEST FOR PRODUCTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 24 last by the Honourable Senator MacEachen respecting Commonwealth Conference—Report on Sanctions—Request for Tabling. Reports of Foreign Ministers—Request for Production.

(*The answer follows:*)

There were quite a series of reports prepared in the context of the CFM.

The Independent Experts Study on the Impact and Applications of Sanctions, the report by an inter-Governmental group entitled "South Africa and the International Financial System", and "A Candle on Kilimanjaro", an independent report on South Africa's Destabilization of its neighbours are all in the public domain and are being published on behalf of the Commonwealth by Penguin.

Mr. Clark, Chairman of the Commonwealth Committee of Foreign Ministers made an oral presentation to CHOGM on the work of the Committee. Those remarks were released in Ottawa shortly after they were made on October 26.

An update of the report on South African links with the international financial community was commissioned by the Australian Government and released last August by Penguin entitled "Apartheid and International Finance: A Program for Change" by Keith Ovenden and Tony Cole.

Copies of all those documents will be sent to the Library of Parliament.

Honourable senators, I also have a number of reports in relation to Senator MacEachen's question which I would ask leave to table.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Reports tabled.

INDIAN AFFAIRS

GRAND RIVER INDIAN RESERVATION—SCHOOL HEALTH AND SAFETY STANDARDS—WELFARE OF STUDENTS—REQUEST FOR CLARIFICATION OF DELAYED ANSWER

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 24 last by the Honourable Senator Marsden respecting Indian Affairs—Grand River Indian Reservation—School Health and Safety Standards—Welfare of Students—Request for Clarification of Delayed Answer.

(*The answer follows:*)

1. The Federal Government did make arrangements for classes to resume in suitable facilities on September 5, 1989, as was stated on October 17, 1989. These school facilities have met all applicable codes and standards and are available for education purposes. However, members of the community have chosen to boycott the facilities rather than send their children to classes.

2. As has already been reported, the Department of National Health and Welfare has stated that the asbestos present in the Six Nations schools does not in any way pose a health hazard. The concealed asbestos was encapsulated by a professional, whose work was monitored by experts from the Department of National Health and Welfare.

Recent news reports have commented on the demolition of school No. 1 in late September of this year. This demolition was carried out by a contractor engaged by the Band. At the time, neither the department nor the Band was aware that the walls of the building contained asbestos. The Band contractor did not take any precautions and chose to burn the building as a method of demolition. The department would have recommended other methods of demolishing the building if it had been consulted. The demolition site has now undergone preliminary cleaning. Additional soil must still be removed, and this clean-up will be completed in the near future.

3. I would like to assure you that the Department of Indian Affairs and Northern Development has provided funding for eight portable classrooms and repairs to existing structures. The portables will be used until new facilities are constructed.

School No. 3 does not have a serious problem with asbestos. There is asbestos paper lining the outside walls covered by a wooden exterior. The existence of asbestos paper was confirmed by the Department of National Health and Welfare on October 24, 1989. That department shortly will advise the Department of Indian Affairs and Northern Development of the minor repairs which will be required to properly encapsulate this asbestos paper. The Department of Indian Affairs and Northern Development then will complete these repairs as soon as possible.

School No. 11 does have running water and washroom facilities. There are two portable classrooms at school No. 11 that have no washrooms; however this is not unusual for portables. It is therefore true that children, who attend classes in these portables, must walk to the main building, a distance of approximately fifty yards. It should be stressed though, that school No. 11, itself, has washroom facilities. The portables are but an interim measure.

4. Minister Cadieux met with Chief Montour, six of his councillors, and the chairperson of the community "Edu-

cation crisis committee" on Friday, October 27, 1989. The meeting was productive and positive and was characterized by an honest and frank exchange of views. There are a number of options for the community to consider.

A community meeting was held on October 30, 1989. Chief Montour, the Commissioner of the Indian Commission of Ontario, Harry Laforme, and the Deputy Minister of Indian Affairs and Northern Development will meet further on this subject on November 1, 1989.

RESEARCH AND DEVELOPMENT

FOREIGN TAKEOVER APPLICATIONS—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on September 26 last by the Honourable Senator McElman respecting Research and Development—Foreign Takeover Applications—Government Action.

(*The answer follows:*)

The premise of the Honourable Senator's question is based on a misunderstanding of government policy as set out in the Investment Canada Act.

Some applications filed under the review process are subsequently withdrawn and returned to the potential investors. Others proceed and are approved only after the original proposal has been made more attractive by increasing the benefits to Canada.

The Minister is required by law to satisfy himself that reviewed investments are likely to be of net benefit to Canada.

Investment Canada officials see it as part of their responsibility to counsel investors with respect to any changes in their plans that would be necessary to enable the Minister to reach that conclusion. To date, Investment Canada officials have been successful in persuading investors to structure their plans so as to satisfy Canadian interests as well as their own interests.

Foreign investors often bring with them advanced technologies, strong management skills and access to world markets from which the Canadian firm being acquired can only benefit.

UNITED NATIONS

RCMP PEACEKEEPING CONTINGENT—GOVERNMENT POSITION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 17 last by the Honourable Senator Molgat respecting United Nations—RCMP Peacekeeping Contingent—Government Position.

(*The answer follows:*)

The RCMP contingent is in Namibia with the United Nations Transition Assistance Group (UNTAG) at the request of the U.N. Secretariat to assist in supervising the electoral process.

All U.N. members are assessed for peacekeeping costs at standard rates whether they contribute personnel or not.

Governments which contribute personnel are paid by UN at standard rates, the same for military and police, which in past experience almost cover the incremental costs of peacekeeping over keeping personnel in Canada.

Any shortfall between U.N. payments and incremental costs will not come out of the RCMP budget, but will be charged against a separate allocation approved for funding Canada's assessed costs for UNTAG.

AGRICULTURE

FEEDER/SLAUGHTER PROGRAM—LATE SUPPORT PAYMENTS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 25 last by the Honourable Senator Olson respecting Agriculture—Feeder/Slaughter Program—Late Support Payments.

(*The answer follows:*)

Third Quarter 1989, tripartite red meats per head payments were announced on Friday, October 27, 1989: Hogs $33.14, Lamb $10.00, Slaughter cattle $49.30, $10.28 and $17.35 for July, August and September respectively; Feeder cattle $41.65 for September.

Planned Third Quarter cheques issue is: Hogs third week of November; Lambs mid-December; Cattle mid-January.

Cheques for Second Quarter Cattle payments have been delayed for the following reasons:

1. Forty-eight producers in Ontario who submitted tripartite premiums on time were processed by the Province and were paid by the Agricultural Stabilization Board (ASB) by September 13, 1989, almost a full month earlier than planned. Alberta chose not to send data to Ottawa for only a small number of producers. Also the data received subsequently changed a number of times because of a difficult reconciliation between existing, "window of opportunity" and late entry producers. All Alberta producers' cheques should be in the mail by November 9, 1989.

2. At the same time, producers in newly entering provinces i.e. B.C., Manitoba, New Brunswick, and Nova Scotia had to be paid retroactively for the Fourth Quarter 1988 and the First Quarter 1989, as well as the Second Quarter 1989.

TELECOMMUNICATIONS

FEDERAL TAKEOVER OF PROVINCIAL REGULATORY ROLE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in

response to a question asked in the Senate on October 24 last by the Honourable Senator Olson respecting Telecommunications.

(*The answer follows:*)

The federal government is moving ahead with this new piece of telecommunications legislation for two reasons:

1. To fill the regulatory vacuum left by the Supreme Court's ruling in the AGT vs. CNCP case leaving the federal government responsible for regulating the industry.

2. To ensure all telephone companies across the country are regulated equally.

NATURAL DISASTERS

EMERGENCY PREPAREDNESS ON WEST COAST—FEDERAL-PROVINCIAL COORDINATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 18 last by the Honourable Senator Perrault respecting Natural Disasters—Emergency Preparedness on West Coast—Federal-Provincial Coordination.

(*The answer follows:*)

Emergency Preparedness Canada's regional director in B.C. has been working very closely with provincial emergency officials and the media in raising awareness of measures to be taken to ensure maximum protection of life and property in such a disaster.

An extensive public information program of what to do before, during and after an earthquake has been directed across Canada, with special emphasis on B.C. where the threat appears highest. For instance, an award-winning video, produced in conjunction with Energy, Mines and Resources has been shown widely on television; self-help brochures on what to do in earthquakes have been distributed in schools, supermarkets, and through numerous organizations; radio and TV public service announcements on what to do in earthquakes have been aired widely.

I repeat, the Government of Canada regards the enhancement of the national capability to deal with earthquakes as a matter of priority and we will continue to pursue vigorously the development of the necessary plans and arrangements with a view to minimizing the impact of such a disaster on the lives and property of Canadians.

CANADA-UNITED STATES FREE TRADE AGREEMENT

ROLE OF BINATIONAL PANEL

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 17 last by the Honourable Senator Stewart respecting Canada-United States Free Trade Agreement—Role of Binational Panel.

(*The answer follows:*)

There were two quite separate questions before both the GATT Panel and the FTA panel.

In the case of the GATT the United States challenged our prohibition on the export of unprocessed salmon and herring. The Panel found that to be contrary to the rules of the GATT. Canada withdrew the export prohibition and implemented a landing requirement for salmon and herring for conservation and fisheries management purposes.

The United States challenged the landing requirement under the FTA Panel process on the basis that the measure contravened a provision of the FTA which incorporates the relevant article of the GATT on export prohibitions and restrictions.

While the FTA Panel did not support Canada in all of its arguments, it did support our central contention that a landing requirement is a legitimate conservation measure.

Canada's landing requirement can therefore remain in place. The Panel ruled that it need not apply to 100 per cent of the catch and that some exports from the grounds (in the range of 10 to 20 per cent) should be permitted but only on the basis that Canada's conservation data needs are met.

The Panel outlined a number of ways in which Canada could ensure that these needs are met.

ANSWERS TO ORDER PAPER QUESTIONS

NEWFOUNDLAND RAILWAY

DISPOSAL OF ROLLING STOCK AND RAIL

Question No. 20 on the Order Paper—**By Hon. Jack Marshall:**

26th September, 1989—As a result of the dismantling of the Newfoundland Railway, what are the details of the disposal of rolling stock, i.e., the several hundred flatbeds and the 70,000 tonnes of rail?

Reply by the Minister of Transport:

The disposal of the rolling stock of the Newfoundland Railway is as follows:

Purchaser	Rolling Stock
Chile	245 Container Flat Cars
	11 Plain Flat Cars
	11 Locomotives
Purchaser	Rolling Stock
Nicaragua	28 Container Flat Cars
	9 Box Cars
	5 Work Equipment Cars
	8 Locomotives
White Pass & Yukon	

Railway	8 Dining Cars

The disposal of the rail is as follows:

Purchaser	Rail
Chile	3,000 tons
Guatemala	5,000 tons
CN Rail	10,500 tons

All other assets are being offered for sale by CANAC, CN's consultant arm.

EXTERNAL AFFAIRS

CANADIAN EMBASSY, WASHINGTON, D.C.—OFFICIAL OPENING GUEST LIST

Question No. 23 on the Order Paper—**By Hon. Jack Marshall:**

26th September, 1989—Who was invited to the opening of Canada's new embassy in Washington (including Canadians) and what was their country of origin?

Reply by the Secretary of State for External Affairs:

With respect to your question regarding the guest list for the opening of Canada's new embassy in Washington, we can tell you that over 500 guests attended. These included senior members of the U.S. Administration, members of the U.S. Senate, of the U.S. House of Representatives and other senior U.S. dignitaries. The senior U.S. representative was the Secretary of State, James A. Baker III. It has been the practice of this department—out of respect for the privacy of the individuals concerned—to exempt names of guests invited to our official functions. We do release the names of federal officials who are official guests, but in this case those present were so in a working capacity to assist the ambassador.

UNEMPLOYMENT INSURANCE ACT EMPLOYMENT AND IMMIGRATION DEPARTMENT AND COMMISSION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jean Bazin moved the second reading of Bill C-21, to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act.

He said: Honourable senators, I am pleased to speak today on Bill C-21, the government's proposed changes to the Unemployment Insurance Act.

These changes are tied to the great labour-force challenges Canada now faces—challenges which, if left unmet, have grave implications for the high standard of living which Canadians currently enjoy. Let me remind you that the proposals of this bill are part of the labour force development strategy. It is a plan the government has constructed to help Canadian workers and employers to be responsive to the changing demands of the labour market. By building on Canada's human resource capacity, so underdeveloped in many instances, the strategy will boost the ability of our country to compete on a global scale.

[*Translation*]

Honourable senators, Canadians know that the success of our exports depends on the extent to which our goods and services suit not only the taste of the American market, but also the taste of a much wider world market. Marshall McLuhan's notion of a global village has never been so relevant as it is today. Revolutionary means of communication have brought countries closer together and information travels at an astounding pace.

[*English*]

Information and flexible manufacturing technologies are essential in creating the high-value-added products and services that are the key to our future prosperity, and these require workers with skills of a higher level and of a flexible nature, skills that give them the ability to bridge the needs of the various disciplines.

Workers of tomorrow will have to be prepared not only to fill the needs generated by new information but also to be flexible in their career outlook. Studies of recent college graduates show that they will change jobs at least three times in the first ten years after they begin to work and that they will make at least one major career shift during that time.

Higher levels of education will also be required in the new information age. In the next decade two out of three new jobs will demand some education or technical training beyond high school.

How ready are Canadian workers to meet the challenge? Sadly, they are poorly prepared. The shocking study on illiteracy released by Southam News last year jolted many of us with the news that almost one-quarter of the Canadian population is functionally illiterate. Tied to this dilemma is the distressing number of young people who drop out of high school—about one out of every three students.

In addition, Canadian employers have not paid enough attention to the training needs of their employees. Surveys by the Canadian Labour Market and Productivity Centre show that 41 per cent of full-time workers received no training during the past two years. Another 18 per cent had received one week of training or less. Fifty-three per cent of unskilled workers received no training at all.

Compare these numbers with those of Sweden. Over 90 per cent of Swedish young people undertake some amount of post-secondary education. An extensive system of retraining is also in place, utilizing over twice the levels of resources devoted to this in Canada. After transfers to individuals—pensions and welfare—and defence spending, retraining is the largest government expenditure in Sweden.

[*Translation*]

Honourable senators, Canadians want to work. They want to keep building for their children the kind of society that has made Canada a country with one of the highest standards of living in the world. Canadians realize that this country has

reached a level of social and economic justice that is the envy of our neighbours to the south.

However, the problems affecting our labour market may soon have a negative impact on our future. Even in regions with high unemployment, there is already a demand for highly skilled workers. It is clear that our present unemployment system does not take full advantage of the potential of unemployed Canadians.

One way to deal with the many challenges we are facing in this respect is to update the unemployment insurance system. Although this excellent income support formula will be maintained, we can do more to help the unemployed by giving them the training they need to find steady, productive employment on the labour market.

● (1530)

[*English*]

In 1987-88 section 26 of the UI Act allowed more than 76,000 claimants to get skills training. The government now proposes to reallocate $350 million of UI funds to increase training opportunities for claimants. With the help of private sector sponsors, an additional 60,000 claimants will become better equipped for long-term labour force participation. We will also be helping to boost the entrepreneurial aspirations of UI claimants. Using their business ideas, the unemployed will become part of our labour market solution, because they will be stimulating the economy and hiring workers.

Other measures will insert flexibility into the UI program. For example, UI claimants will be able to receive a lump sum portion of their benefits. This could allow them to relocate to an area where better job prospects exist. The changes proposed will also demonstrate to older workers that their contribution is valued in our workplaces. To that end they will be given more chances to take advantage of the expanded training and job search services. Indeed, the current UI Act is out of touch with the makeup of today's labour force. Through this bill we are bringing the legislation up to date and into line with the Charter of Rights and Freedoms.

First, people who work past age 65 will now be able to contribute to UI and to receive UI benefits. It makes no sense to deny a significant part of the labour force the right to participate in the program, especially since older workers represent a vast pool of experience on which our society will increasingly depend. Second, the system of special benefits is being expanded to allow for greater fairness and equality for Canadian workers.

Fifteen weeks of maternity benefits will now be available during the time surrounding the birth of a child, and 10 weeks of parental benefits will be available to natural and adoptive parents, either for the mother or the father, or to be shared between them. Altogether, claimants will be able to draw on a combination of special benefits up to a maximum of 30 weeks.

[*Translation*]

Undeniably, social and economic forces are changing the profile of our labour force. These proposals reflect the need to deal with today's realities and the desire of Canadians for equality and fair treatment.

Bringing the provisions of the Unemployment Insurance Act into line with the Canadian Charter of Rights and Freedoms is only one aspect of the updating process we have begun. The bill proposes measures that should have been adopted long ago to reduce employment barriers while still protecting those who need protection.

[*English*]

People who quit their jobs without just cause and claimants who fraudulently collect benefits will face increased penalties. In areas of low unemployment claimants will now have to work longer to qualify for benefits, and the duration of their benefits will be shorter. Critics have reported that these changes will mean hardship for claimants in areas of high unemployment. They could not be more wrong. In Kamloops, for example, where the unemployment rate has been 15.2 per cent, claimants will still need to work only 10 weeks to qualify for UI benefits, and they will be able to draw benefits for up to 50 weeks, depending on the number of weeks they have worked.

However, in regions of lower unemployment the qualifying period will be increased and the duration of benefits will be reduced on a sliding scale. Currently the qualifying period for regular benefits is from 10 to 14 weeks. The measures proposed here will change that range so that it will be from 10 to 20 weeks, depending on the rate of unemployment in a particular region. For example, in Toronto, where the rate of unemployment is about 3.5 per cent and where jobs are easier to find, a person will have to work 20 weeks to qualify. As well, a Toronto claimant who qualifies with the minimum number of weeks of work will receive a maximum of 17 weeks of benefits. This is still more than four months of benefits in Toronto.

It may be worth noting that when the qualifying period was increased by two weeks in 1977, a year when the average unemployment rate was 8.1 per cent, higher than it is today, more than 70 per cent of UI claimants were able to meet the increased requirements.

In many parts of this country jobs are plentiful and UI exists as a disincentive to work. The measures that are being proposed will work to encourage people to accept jobs when they are available. These measures maintain the security coverage of UI, according to need. The solution to Canada's problems does not lie with the government alone. All Canadians must work together as we mount the high road towards a more highly skilled labour force. To that end the government has involved business and labour from the inception of the labour force development strategy. Their studies will shape the way the strategy provides new training opportunities.

The changes we are proposing for the UI system are important for the future of our country. Canadians want a more flexible and fairer unemployment insurance system. Through these measures the government is moving towards making UI more sensitive to the needs of Canadians in a dynamic labour market. No longer should UI contribute to maintaining some Canadians in a vicious circle of short-term employment and

unemployment. Faced with the great challenge of meeting the needs of a global market, our UI system will have a new and more constructive role.

[*Translation*]

I would like to quote from an editorial that appeared in *Le Devoir* on October 21, 1989, under the heading: Several Reforms in One—Bringing unemployment insurance back to its original purpose, by Jean Francoeur:

> These measures will result in a savings of $1.3 billion that will be immediately reallocated, dollar for dollar:

There will also be . . .

> more parental and sick leave, eligibility of persons 65 years and over, for a plan from which they are currently excluded ($500 million) and above all, expansion of various programs to assist unemployment insurance and welfare recipients, more specifically through occupational training ($800 billion).
>
> From this perspective . . .

According to the editorial writer . . .

> . . . Bill C-21 strikes a new balance that appears to be superior to the status quo, while it is also a step towards bringing unemployment insurance back to its original purpose, which is to provide income support between jobs.

● (1540)

[*English*]

The size of the UI program will not change. What has changed is the assumption that the UI program is static and cannot be improved or refocused the better to help the unemployed Canadians find meaningful, long-term work.

What is proposed is that the UI program be an active participant in a changing labour market. At this extraordinary time in our country's history the changes we propose bode well for all Canadians, young and old, and from all regions. Thank you, honourable senators.

Hon. Senators: hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to adjourn the debate. Before doing so, I should like to tell honourable senators that I would make my comments on Thursday, but, if any other senator wished to speak in the meantime, it would certainly be agreeable to me. If things go as I expect on Thursday, I think we will be able to send the bill to committee; but that will depend on whether there is an undetected interest in speechmaking on that day.

[*Translation*]

Hon. L. Norbert Thériault: Honourable senators, before the debate is adjourned, I would like to ask the bill's sponsor to explain whether in these notes. In fact, I would like to congratulate him on the way he expressed his views on this bill. His speech would probably go over well in Toronto or anywhere else, but it would not be very popular in New Brunswick.

Nevertheless, I would like to ask him whether his notes contain anything about the way the money saved by this new bill will be reallocated throughout the country. For instance, if this bill causes New Brunswick to lose money—say, $50 million that won't be paid by unemployment insurance—will the province, in conjunction with the federal government, receive all this money for job training?

Senator Bazin: Honourable senators, that is a very good question. Of course, this is in the works. At this very moment, a wide range of consultation is being conducted by the labour organization to which I referred earlier. The people working for the organization have a very tight schedule. They will make recommendations.

Actually, the money should be reallocated, dollar for dollar, in the province in question. However, consultations end on December 1, I believe. Reallocation will be implemented depending on the results of consultations in which, of course, the provinces are involved.

On motion of Senator Petten, for Senator MacEachen, debate adjourned.

[*English*]

TRANSPORT AND COMMUNICATIONS

FOURTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fourth report of the Standing Senate Committee on Transport and Communications (Budget - Study on withdrawal of services from Stephenville's Airport), presented on Tuesday, October 31, 1989.

Hon. Finlay MacDonald: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FIFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-fifth report of the Standing Committee on Internal Economy, Budgets and Administration (Senate Telecommunications Policy), presented on Tuesday, October 31, 1989.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of Senator LeBlanc (*Beauséjour*), I move the adoption of this report.

Motion agreed to and report adopted.

AGRICULTURE AND FORESTRY

MOTION TO AUTHORIZE COMMITTEE TO HEAR EVIDENCE—DEBATE ADJOURNED

Hon. Efstathios William Barootes, pursuant to notice of Tuesday, October 31, 1989, moved:

> That, for the duration of the present session, the Standing Senate Committee on Agriculture and Forestry be

authorized, on its own initiative, to send for a person or persons visiting the National Capital Region and to hear and consider the evidence of that person or persons on matters that Rule 67(1)(*n*) of the *Rules of the Senate* describes as being within the mandate of the Committee.

Some Hon. Senators: Agreed.

Hon. William J. Petten: Is it the honourable senator's intention to speak to the motion, because I intend to adjourn the debate at the conclusion?

Senator Barootes: I will be pleased to speak to the motion if it is necessary, but I thought I heard a loud chorus of "Agreed." I am not sure whether I did or not.

Senator Steuart: Very loud!

Senator Barootes: Would you like an explanation?

Senator Petten: Unfortunately, some of my colleagues on this side cannot be here this afternoon. They would like to speak to the motion, so I will adjourn it on their behalf.

Senator Barootes: May I give an explanation before you adjourn it, senator?

Senator Petten: Indeed you may, sir.

Senator Barootes: Honourable senators, this motion, moved by myself and seconded by Senator Nurgitz, is similar to those that have previously been requested and granted on many occasions in past sessions of the Senate to the Standing Committee on Agriculture or the Standing Committee on Agriculture and Forestry.

The most recent occasion was during the Second Session of the 33rd Parliament on March 19, 1987, when Senator Hays moved:

> That, for the duration of the present session, the Standing Senate Committee on Agriculture and Forestry be authorized, on its own initiative, to send for, hear and consider evidence of a person or persons on the matters which are within the Committee's mandate as described in Rule 67(1)(*n*) of the *Rules of the Senate*.

● (1550)

At that time Senator Hays, as chairman of the committee, explained—and I reiterate and confirm—that the standing committee receives "requests from witnesses who wish to appear on matters on which they would not otherwise be able to appear, because we have no legislative" bill under consideration "under which to hear them, nor do we have a special reference from the Senate."

The motion was agreed to without debate or dissent.

Honourable senators will observe that our motion under consideration is more restrictive than the one granted in 1987 and, as I will show, more restrictive than the authority granted on frequent occasions before 1987.

Whereas previous motions were to allow for the committee to send for and hear from a person or persons from virtually anywhere, that is, without qualification of their location or whereabouts, this motion is limited only to those persons who are visiting in the national capital region.

The rationale for narrowing the request is two-fold. It permits the committee the facility of hearing the views of the concerned groups or citizens who are already visiting Ottawa without any additional expense to them for time or travel—a distinct advantage for these citizens or associations.

Secondly, it permits the committee on short notice to hear and obtain useful and pertinent information from persons or associations at no additional expense to the Senate, at the same time making the Senate a better informed, more open, more accessible and more approachable institution.

The precedent for granting this motion has been researched, going back 15 years. I suppose with some effort we could have gone further into the past, but it is doubtful that the findings would vary.

We found that a motion for such authority for the committee has never been refused by this chamber. It has routinely and repeatedly been allowed to this committee or its predecessors since 1974 in a form similar to the motion put by Senator Hays in 1987. These are the facts I document for the record, and they are taken from the *Debates of the Senate*.

During the four sessions of the 30th Parliament, lasting from September 30, 1974, to March 26, 1979, a motion for each of the four sessions was moved by Senator Argue and granted in each instance. The motion was that the Standing Senate Committee on Agriculture be "empowered, without special reference by the Senate, to hear submissions from representatives of agriculture and related industries."

In the short-lived 31st Parliament of Prime Minister Joe Clark, the same authority was given to the Committee on Agriculture on November 6, 1979, through a motion of Senator Hazen Argue, seconded by Senator J.M. Macdonald.

The 32nd Parliament, from 1980 to 1984, had a long first session, lasting for more than three and one-half years, from April 14, 1980, to November 30, 1983. Within three weeks of its start the Honourable Harry Hays, P.C., obtained similar authority for the Committee on Agriculture.

As I mentioned at the beginning of this discussion, in 1987, in the 33rd Parliament, Senator Daniel Hays, son of the Honourable Harry Hays, sought and obtained a similar authority for the Committee on Agriculture and Forestry.

Today, honourable senators, this motion is requesting that the same courtesy and privilege be extended to the Standing Senate Committee on Agriculture and Forestry, as has been the precedent, custom and tradition in the past.

In moving the motion I assure this chamber, and certain senators in particular, that legislation and legislative bills forthcoming from the other place will continue to be dealt with in the manner dictated by the direction of this chamber; that is to say, unless a reference is given by the Senate to study the subject matter of a bill anticipated from the other place, witnesses for that legislation, who may be present in the national capital region, will not be called to give evidence until that bill has been referred to the committee. Unless there is a

special reference from the Senate, we will continue to consider legislation in a consecutive, not a concurrent, time frame.

Moreover, the composition of this Senate committee, with a substantial majority of opposition or Liberal members, is an adequate protection, and would preclude the calling of any person or witness in any undesirable or inadvertent situations.

So, honourable colleagues, unless there has been some change in the situation from past Parliaments—citing the longstanding precedents of this chamber and noting the logic of the restrictions of the authority limiting the committee, at no expense to the Senate, to hearing witnesses and receiving the evidence of persons visiting our national capital region—I request that this motion receive your support, as similar motions have in past sessions of this honourable chamber.

On motion of Senator Petten, for Senator Fairbairn, debate adjourned.

The Senate adjourned during pleasure.

At 4.45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Charles Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax (*Bill S-2, Chapter 20, 1989*).

An Act to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec (*Bill S-5*).

The Honourable Marcel Danis, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service:

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990 (*Bill C-42, Chapter 21, 1989*).

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 8, 1989

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

Prayers.

COMMITTEE OF SELECTION

SIXTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, November 8, 1989

The Committee of Selection has the honour to presents its

SIXTH REPORT

Pursuant to Rule 66(1)(*b*), your Committee submits herewith the list of Senators nominated by it to serve on the following select committee:

COMMITTEE ON STANDING RULES AND ORDERS

The Honourable Senators Asselin, Cochrane, Corbin, Flynn, Frith, Graham, Lewis, *MacEachen (or Frith), Macquarrie, McElman, Molgat, Muir, *Murray (or Doody), Petten, Phillips, Stanbury and Van Roggen. (15)

*Ex officio members.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

DISTINGUISHED VISITOR IN GALLERY

HIS EXCELLENCY MIKOLAJ KOZAKIEWICZ, SPEAKER OF THE POLISH SEJM

The Hon. the Speaker: Honourable senators, I have the honour to draw your attention to the presence in our gallery of His Excellency Mikolaj Kozakiewicz, Speaker of the Polish Sejm.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Stanley Haidasz: Honourable senators, I would like to express in my mother tongue the wishes the Speaker of the Senate has just extended this afternoon.

[*Translation from Polish*]

I believe that all honourable senators will also join me in expressing to you, sir, as well as to the President of Poland, the Marshal of the Senate, all the senators and members of the Lower House of Parliament, and the whole Polish nation, our warmest greetings and best wishes for success in the profound political and economic changes taking place in democratic Poland.

Long live Poland!

Hon. Senators: Hear, hear!

[*Later*]

[*Translation*]

QUESTION OF PRIVILEGE

Hon. Azellus Denis: Honourable senators, we have heard our colleague the Honourable Stanley Haidasz speak to us in the beautiful Polish language. He welcomed the Speaker of the Polish Parliament. I did not understand very well what he said. I suppose none of you did either.

If the Senate wishes, I suggest that our friend Senator Haidasz tell us in French or English or in both languages what he means so that his words may be recorded in the *Debates of the Senate*.

Hon. Stanley Haidasz: Honourable senators, do my colleagues want me to translate into French or English what I just said in Polish?

I greeted the Speaker of the Polish Parliament. I repeated the wishes that our Speaker expressed to him a few minutes ago. And I asked Mr. Kozakiewicz on our behalf to extend our best wishes for the success of democracy in Poland and our best wishes to the President of Poland, to the Marshal of the Senate, to the senators and members of Parliament and to the Polish nation.

QUESTION PERIOD

[*English*]

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—GOVERNMENT ACTION—REQUEST FOR UNDERTAKING

Hon. H.A. Olson: Honourable senators, I have been asking the Leader of the Government a number of questions over the past several weeks about whether the government has any plans under way to deal with those parts of western Canada, especially the prairie regions, that have experienced another disastrous drought in 1989. He has replied by saying that he is sure that the Minister of Agriculture and other ministers from the federal as well as the provincial governments have taken this under consideration and will be coming forward with a plan to deal with the disaster.

Yesterday the Minister of Agriculture revealed his great plan, "Growing Together", and I could see nothing in that plan that could possibly deal with the situation in 1989. Furthermore, what is critical is whether or not there will be any relief for those farmers who are in serious difficulty because of credit and debt service charges. That matter is not dealt with in the report either.

I just want to add one thing. The Saskatchewan Association of Rural Municipalities has completed a survey of all 299 municipalities in Saskatchewan. That association has said:

> We were surprised, shocked, that it was as large as it was. We knew there were pockets of drought but we thought they were so small that people weren't making an issue of it.

It went on to say:

> If any drought payments were justified in 1988, they certainly would be justified in 1989. It is just as bad and, in many places, worse.

I would just ask the Leader of the Government whether he can give us some firm indication that the Government of Canada will at least take this problem seriously and do something about it. Is that the case, or will it just do what it says in the report: "You are on your own"?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the record of this government, in standing by the farmers when they are in difficult times, speaks for itself and speaks very eloquently. That is the first point I should like to make to the honourable senator. Secondly, I will accept his representations and convey them to my colleague, but I am not aware that the drought situation to which he refers is, as he states, in the region as a whole, as serious as it was last year. Thirdly, I may say to the honourable senator that the announcement of the agricultural policy review by the Deputy Prime Minister and the Minister of Agriculture, in respect of which there were extensive consultations with the provinces and with farmers, has been, as I am sure the honourable senator will acknowledge, very warmly welcomed by the provinces and by the farm community.

Senator Olson: Honourable senators, I hope that some further study will be done, if that is the impression that the government has received so far.

The other point I want to make—and it must be my fault, since I do not seem to be able to communicate this to the Leader of the Government—is that the report also says that the area of the province of Saskatchewan affected by the drought is one-third of the whole province. These people were amazed and shocked that it was that large.

In any event, we understand that the total geographical area—that is, the number of square kilometers or acres—that is involved in the drought this year is not as large as it was last year. But what I am trying to convey to the minister, and the subject on which I want him to get a reply, is that the disaster that has fallen upon those farmers in the somewhat smaller area is not only just as bad as it was last year but even worse. The plea that I am making is that they at least do something. I have not heard that the government has done anything or intends to do anything about that situation for those people involved in the area in which it is worse than it was last year. So could we at least get some assurance that you are going to look at it?

• (1410)

THE CONSTITUTION

MEECH LAKE ACCORD—REQUEST FOR COPY OF LETTER FROM PRIME MINISTER TO PREMIER OF NEWFOUNDLAND

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate. Last week it was reported that the Prime Minister had sent a lengthy letter to the Premier of Newfoundland, and the story was that this was to put him straight on the matters of the Meech Lake Accord. I was hoping that copies of the letter would be distributed to members of Parliament, but I have not seen one come upon my desk as yet. Would it be possible to get a copy of that letter?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes, honourable senators, I shall be glad to send one to my honourable friend.

THE SENATE

ELECTION IN ALBERTA TO FILL VACANCY

Hon. Joyce Fairbairn: My question is to the Leader of the Government in the Senate. I noticed yesterday that the contingent of delegates from the province of Alberta to the first ministers' conference had come to Ottawa early. Has the Leader of the Government in the Senate had any meetings with Mr. Horsman on the question of filling the Senate vacancy in Alberta with the candidate who was selected in the October 16 election, or, indeed, has the Prime Minister had any opportunity to have advance meetings with Mr. Getty on this issue since the premier came to town?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The answer, honourable senators, to both parts of the question is in the negative.

UNEMPLOYMENT INSURANCE

RELEASE OF REPORT

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Honourble Leader of the Government in the Senate. It is ambiguous, if I may say, at the least, but I for one have been following the progress of Bill C-21 in the other place. I am shocked that a report that will have a very definite bearing on Bill C-21 if it ever becomes law was released by the government just shortly after they had terminated, through closure, debate on Bill C-21. Will the Leader of the Government in the Senate try to explain why?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Bill C-21 is now here. It is at the second reading stage. The honourable senator has a wide range of alternatives before him. One of them would be to take part in the debate on second reading. Another, which might be more productive from his point of view, would be to go to the committee when the bill is referred there and ask the responsible minister and officials the questions he is now putting to me, which I am not in a position to answer during the course of the oral Question Period.

Senator Thériault: Honourable senators, I want my colleagues and the people of Canada to take note of the question that I have just asked. It is incredible. Where are we going? What will become of parliamentary democracy in this country? The government knew very well when it was going to release that report and it did so shortly after it had applied closure and cut off debate on Bill C-21, which affects every poorer citizen of Canada.

Senator Murray: Once again my honourable friend is making representations that he can make in the course of debate and by asking questions during the committee study of Bill C-21. I suggest that he do so.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to four questions. I will identify them and ask that the answers be printed as part of today's proceedings. Copies of these answers are being distributed to the senators to whom they relate.

VIA RAIL

SERVICE—NATURE OF CHANGES—REQUEST FOR CLARIFICATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 25 last by the Honourable Senator Denis respecting VIA Rail—Service—Nature of Changes—Request for Clarification.

(*The answer follows:*)

In his statement announcing the government's decision on VIA Rail, the Minister of Transport gave the exact services and their respective frequencies.

His statement was fairly lengthy and covered numerous other elements of the decision. Had the Minister chosen to make an even longer statement, he might have very well included the additional information which has been suggested. However, since all the details referred to were amply covered in the extensive public information packages released by both the Minister and by VIA, there was no particular need to provide those details in his initial statement.

POLAND AND HUNGARY

ECONOMIC ASSISTANCE—APPOINTMENT OF COORDINATOR—EXTENSION OF CREDIT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 25 last by the Honourable Senator Haidasz respecting Poland and Hungary—Economic Assistance—Appointment of Coordinator—Extension of Credit.

(*The answer follows:*)

The reform process underway in Poland and Hungary is unprecedented, involving change of historic proportions.

The Economic Summit participants and other Western governments have a responsibility to encourage the reform process and support it through appropriate economic assistance.

Canada has acted. The Prime Minister announced on October 12 a $42 million program involving food aid for Poland ($12 million), and an Economic Development Fund for Poland and Hungary ($10 million) to support private sector reforms through technical and managerial assistance. The extension of the General Preferential Tariff to both countries and the opening of discussions with Poland on a $20 million revolving short-term trade credit insurance facility was also announced.

The Government is giving active consideration to the request by Poland to Summit countries to set up a US $1 billion Stabilization Fund. We will be discussing this issue with our Summit partners.

A sound economic adjustment program, agreed on between Poland and the IMF and supported by the International Financial Institution and Western governments, is an essential basis for pursuing sustained economic recovery in Poland.

On October 25, the Secretary of State for External Affairs, the Right Honourable Joe Clark, announced the appointment of Mr. Eric Bergbusch as coordinator of

Canada's special program of cooperation with Poland and Hungary.

VIA RAIL

CUTBACKS IN SERVICE AND LAYOFFS—HALIFAX MAINTENANCE FACILITY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 25 last by the Honourable Senator McElman respecting VIA Rail—Cutbacks in Service and Layoffs—Halifax Maintenance Facility.

(*The answer follows:*)

VIA's original estimate of 154 job losses in Halifax includes the loss of 41 unionized jobs and a small number of non-unionized jobs resulting from the reduction in activity at the Halifax maintenance facility. The number of non-unionized jobs will be determined as part of VIA's overall rationalization of its administrative functions.

VIA now advises that total job losses in Halifax will be less than anticipated.

FISHERIES

CLOSURE OF NATIONAL SEA PRODUCTS PLANTS IN NOVA SCOTIA—OBLIGATION OF FISHING COMPANIES TO FISHING COMMUNITIES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 31 last by the Honourable Senator MacEachen respecting Fisheries—Closure of National Sea Products Plants in Nova Scotia—Obligation of Fishing Companies to Fishing Communities.

(*The answer follows:*)

In a statement dated May 11, 1989, National Sea Products Ltd. indicated that it was planning to close its Lockeport fish processing plant in Nova Scotia as of October 1, 1989. The company also stated that Lunenburg, North Sydney, Louisbourg and Canso would become 10 month operations.

Mr. Henry Demone, President of National Sea Products Ltd., stated on October 18 that National Sea Products had a capacity problem which had to be dealt with for the company to remain viable. He added that, as a result of further quota reductions in 1990, as many as three plants may close as of next year. These closures may not all be in Nova Scotia. However, Mr. Demone has stated that a final decision by National Sea regarding which plants will discontinue operation will be made later this year.

DEPARTMENT OF FORESTRY BILL

SECOND READING—DEBATE ADJOURNED

Hon. Mira Spivak moved the second reading of Bill C-29, to establish the Department of Forestry, to amend the Forestry Development and Research Act, and to make related amendments to other acts.

She said: Honourable senators, I am glad to introduce this important piece of legislation, which reinstates a full-fledged Department of Forestry.

To put this bill, which has been called a housekeeping bill, in perspective, some statistics describing Canada's forests and the forestry industry may be useful.

The forestry industry employs nearly 300,000 people directly and approximately 750,000 others indirectly. In 1988 productive forest lands yielded more than $30 billion in the value of paper exports. One out of every seven manufacturing dollars in Canada is forest-related, and the forestry sector contributes more than $17 billion to Canada's net trade balance, which exceeds the net trade balance from agriculture, fisheries and mining combined. Forestry is larger than the auto and the petroleum sectors. Canada's forests represent 8 to 10 per cent of the entire forest reserves of the world, approximately 864 billion cubic feet of wood fibre. If this is a housekeeping bill, I can comment that this is some house. I am puzzled as to why the Department of Forestry, given the dominant presence of forestry in our economy, has been treated so cavalierly in the past by other governments, bounced from Agriculture to Environment and back, while the Departments of Agriculture and Energy are treated with such tender loving care.

While forestry is a giant, Canada's forests, formerly considered to be an infinite resource, are disappearing at an alarming rate. The Macdonald Commission revealed that approximately 25 million hectares of land formerly covered with forests now look like a moonscape, while between 25 and 50 per cent of the 770,000 hectares of forests cut each year does not regenerate. The Auditor General's report of 1988 expressed alarm at the management of Canada's forests and, whether accurately or not, stated that only 20 per cent of forests felled are adequately restocked. In fact, the Minister of Forestry, during the debate in the House of Commons on this bill, stated that about 7.5 million hectares of productive land are not properly restocked and we are adding to this backlog at the rate of approximately 300,000 additional hectares a year. In fact, the minister stated that sufficient care has not been taken so far to make sure that all of the areas we have harvested over time have been properly restocked, and, as a result, in some regions of the country we are experiencing shortages of timber today. Since our forests were first put to commercial use they have been mercilessly exploited.

• (1420)

During the debate of this bill all sides of the House of Commons, while recognizing provincial ownership of forests, agreed that strong federal leadership is needed to improve management of our forests. The minister's words were that we needed "much more intensive forest management." Moreover,

this bill is urgently needed because world pulp consumption is expected to increase by 60 per cent during the next 20 years, putting greater pressure on the health of our forests.

But the lumber industry is not the sole consideration; of equal importance are the other uses of the forest: a multibillion dollar tourism sector is supported by our forests; forests help us breathe; they give us shelter; they protect our watershed; they regulate our climate; they stabilize our ecosystems; they provide jobs and they earn our bread. Therefore, you could say that forests are a sacred trust.

Turning now to the bill itself, the proposed legislation establishes a Department of Forestry, together with the positions of Minister and Deputy Minister of Foresty. In addition, the legislation amends the Forestry Development and Research Act, renaming it the Forestry Act and permitting the expansion of the application of the forestry timber regulations to all federal forest lands under management by Forestry Canada. The forestry timber regulations are themselves being amended under a separate process.

The proposed legislation assigns several duties and powers to the Minister of Forestry: he is to coordinate the development and implementation of programs related to forestry and forest resources; to assist in the scientific and technological development of forest management; to conduct activities with regard to sustainable development and international competitiveness; to promote close cooperation in a wide range of areas of forest management and protection in concert with industry, universities, provinces and territorial authorities and with international agencies and governments of other countries; to gather and publish information on a wide range of aspects of forestry; to enter into agreements with any person, body or government covering any of the duties and powers of the minister, including agreements similar to the existing forestry resource development agreements, with the approval of the Governor in Council.

This particular bill, Bill C-29, differs from the 1960 Department of Forestry Act in that it is slightly stronger than that act, although they are similar in many respects. Two major provisions, which were not included in the 1960 act, make the new legislation stronger: First, both sustainable development and integrated forest management are incorporated into the bill. In my opinion, that is a result of amendments made in committee—that committee did some very useful work, indeed! "Sustainable development" is defined for the first time in a piece of federal legislation, and the definition contained in this bill comes from the Brundtland Report, "Our Common Future", and reads as follows:

> Sustainable development means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The second provision that distinguishes this bill from the 1960 act is that the powers contained in clause 5 of the bill extend beyond "the forest resources of Canada" to include all matters "related to forestry."

[Senator Spivak]

The general duties in clauses 6 and 7 of the bill require, among other things, the coordination in the development and implementation of forestry and forestry resources policies and of subsequent programs and practices. Subclause 6(*e*) of the bill puts special emphasis on the minister's duties regarding enhancing resource utilization and competitiveness in the forest industry in Canada and abroad. Subclause 7(*c*) of the bill specifically calls for the new department to improve the awareness of the public of all aspects of the forest resources of Canada. Clause 8 permits the formation of advisory committees. Clause 9 permits the minister to enter into agreements. Subclauses 10(2) and 10(3) require an annual report to Parliament on the state of the forest resource of Canada, which must include some important and specific information. I will touch on that aspect a little later. All of the "further duties" in the 1960 Department of Forestry Act are equivalent to those contained in section 3 of the Forestry Development and Research Act.

Prior to 1984 forestry had no direct cabinet representation of the kind where the minister reports directly to the Prime Minister rather than to another minister in cabinet. By creating a forestry department with a full minister at its helm, the government has, we hope, increased the profile of its national leadership in cooperation with the forestry community and the provinces.

The mandate of the new department will include national leadership in the development and coordination of forest policy and programs; conducting and fostering research and development in the forest sector, and close cooperation in a wide range of areas of forestry. It will have responsibility for management and protection in cooperation with industry as well as with the provinces and the territorial authorities. The management and effectiveness of our policy and program efforts at the federal level, we hope, will be better coordinated. The new department will work closely with other federal departments that have forestry-related roles, such as Environment Canada, External Affairs, and Industry, Science and Technology.

The Department of Industry, Science and Technology will continue its mandate for forest products manufacturing, but Forestry Canada will work in close cooperation with them. Forestry Canada's own industry and trade directorate will monitor the state of the forestry industry in Canada and will plan and implement trade missions cooperatively with the Department of External Affairs and with the Canadian International Development Agency. The Forest Sector Advisory Council, comprised of senior industry and labour leaders from the sector, provides advice jointly to the Minister of State (Forestry) and to the Minister of Industry, Science and Technology.

The minister's priorities for the new department, as expressed in his interventions in the other place, include: the continuation of federal-provincial cooperation such as undertaken via the Cooperative Forest Development Agreements; sustainable development of Canada's forest sector; increased participation by the private sector in technology development and innovation; resolution of the Canada-U.S. Softwood

Lumber Memorandum of Understanding; support and conduct of research in support of the wide use and management of the forest resource; improved public awareness of forestry benefits and issues; promotion of value-added innovation within the forest industry and market development for forest products; promotion of Canada's forestry interests internationally and the development of labour adjustment mechanisms.

● (1430)

Forestry Canada has entered into forest resource development agreements with the provinces that were designed to begin the transition to intensive management of Canada's forests. The agreements called for long-term planning and forecasting, for the production of better data using the very latest of the geographical information systems, which, I understand, are among the most advanced in the world. The agreements established principles and targets consistent with new environmental standards demanded by the Canadian public and by global needs and which respect overriding principles of sustainable development.

Since 1984 the federal government has signed forest resource development agreements with every province, totalling $1.115 billion in funding, which represents a 300 per cent increase over previous spending.

Every effort will be made by Forestry Canada to avoid any interruption in the amount of forest renewal, silviculture projects and other important forestry work being done in Canada. The minister is actively pursuing talks with his provincial counterparts to ascertain their priorities and to discuss ways of focusing future cooperation efforts. Hopefully, regional development funds will be made available to further joint efforts in forest renewal. Funds have been committed for new federal-provincial cooperative forestry agreements with New Brunswick and Nova Scotia and negotiations are ongoing to establish the terms of the agreements. Forestry Canada will continue to be the main focus for cooperative forestry agreements with the provinces.

In regard to forestry practices on federal and Indian forest lands, Forestry Canada also provides for the management of some federal forest land through agreements with land-owning departments and provides research and technical assistance to other departments. Forestry Canada possesses the experience and the information, but would require additional resources to take on expanded federal forest land management responsibilities.

A large proportion of federal forest land is situated in the territories and in Indian lands. Management of forest lands in the Northwest Territories is under the jurisdiction of the territorial government. In the Yukon and on Indian lands forest management is the responsibility of the Department of Indian and Northern Affairs. Indian bands are in the process of taking control over their own resources. Therefore, the federal role here is evolving to that of one giving advice and support very similar to its role with private woodlot owners.

All federal-provincial forest resource development agreements have a federal land forest component. The federal government does not possess vast holdings of forest land, land which can be dedicated exclusively to growing forest crops. Most of the land has some other primary use, such as for airports and runways, military installations, training grounds and national parks. Forestry Canada is developing programs aimed at improving the management of forest land not allocated to these types of primary uses.

Under this proposed legislation, the objective of the Department of Forestry is to proceed, as was stated, on a path of sustainable development. That will mean several things. Forestry Canada will provide national leadership in cooperation with Environment Canada and will work with the provinces to ensure the sustainability of both timber and non-timber use of Canada's forests.

As I stated before, this will be the first piece of federal legislation to incorporate a definition of "sustainable development." Paragraph 6(*d*) of Bill C-29 imposes a statutory duty on the Minister of Forestry to conduct his activities with regard to sustainable development of the Canadian forest sector and integrated management of Canada's forest resources.

Forestry Canada programs are among Canada's largest sustainable development programs. The government intends that these will continue.

Subclauses 10(2) and 10(3) of Bill C-29 require the Minister of Forestry to report annually to Parliament on the state of Canada's forests.

Over $3.2 million has been allocated under forest resource development initiatives in some provinces, specifically for the integrated management of forestry and wildlife. Forestry-wildlife management will continue to be a factor in further cooperative forest resource development initiatives. Demonstration forests will continue to promote integrated forest management.

Forestry Canada will continue to work with nongovernmental organizations such as Wildlife Habitat Canada. Forestry Canada will promote integrated resource management on federal lands.

Forestry Canada's research programs will emphasize the development of alternatives to chemical pesticides and herbicides; the development of super-trees through biotechnology; and the investigation into the effects of acid rain on the forest and ways to minimize damage to our forests.

Forestry Canada will also conduct economic studies on recycling and will promote this, where feasible, as a means of sustaining our forest resource. With respect to the research and development capability of the new department, Forestry Canada will continue to be the lead agency for forestry research in Canada. It is receiving $2.5 million this year and will receive $5 million next year and from then onwards to strengthen its science and technology programming.

The Minister of State for Forestry and the Minister for Industry, Science and Technology have been authorized to launch specific science and technology initiatives, totalling $38 million over three years, in support of Canada's forest sector. In 1988 Forestry Canada completed its three-year program to

update its facilities and equipment at three of its research centres at a cost of $32 million. There has been a commitment of $80 million to forestry technology development and transfer through the federal-provincial forest resource development agreements. This will continue to be a priority in subsequent cooperative forest development initiatives. Ongoing federal commitments to integrated forest resource development and excellence in research will, hopefully, continue, and Forestry Canada will continue its contribution agreements with Forintek Corp. and the Forest Engineering Research Institute of Canada towards the development of forest products' codes and standards, and improved products, processes, machinery and equipment.

In regard to the enforcement of forest management codes and standards, Forestry Canada, under this legislation, will not impose its view of what constitutes good forest management upon the provinces and the industry, unfortunately. Under this legislation, the method instead will be to develop and implement forest management codes and standards cooperatively with the provinces and the industry. The Canadian Council of Forest Ministers, established in 1985 at the initiative of the Minister of State for Forestry, will provide the forum for such consultations.

The cooperative forestry agreements provide a vehicle for the implementation of codes and standards for forest management resulting from such consultations. For its part, the federal government intends to develop and implement improved standards of forest management on federal forest lands. Forestry Canada's ongoing research programs seek to develop better codes and standards for forest management and to transfer this technology to the provinces, to industry and to all woodlot owners, whether they are Indian bands or private owners.

Section 92 of the Constitution Act, of course, establishes provincial jurisdiction over the development and management of forest resources within their boundaries. The next round of cooperative forestry agreements will be contingent upon agreement on and compliance with criteria for wise forest management. Some of these criteria include: adherence to long-term forest plans; adequate resource information; and no funding for reforestation of current cutover land.

There was much discussion in the other place with regard to funding for this newly established department. Bill C-29 does not, of course, prevent Forestry Canada from accessing funds or building a stronger A-Base outside of the legislation. This can occur through the normal cabinet Treasury Board process.

With regard to regional development initiatives such as forestry agreements, it is intended that Forestry Canada have access to the regional development fund, as do the other resource sectors such as fisheries, agriculture and mining.

The new bill provides for full ministerial status and a mandate to coordinate all federal policies and programs pertaining to forestry. Thus, it should have more clout in reviewing how other departments spend funds that relate to forestry and how they take forest sector needs into account.

[Senator Spivak]

There are two other areas of this bill that perhaps require some further comment. The first is with regard to public awareness. Paragraph 7(*c*) requires the Minister of Forestry to promote the awareness of Canadians of all aspects of the country's forest resources. I think this is a much needed measure. In addition, paragraph 7, subparagraphs (*a*) and (*b*), concerning the promotion of cooperation and the dissemination of information, permit the Minister of Forestry to continue to undertake public awareness programs. As well, Section 3 of the Forest Development and Research Act includes a specific provision for public education.

● (1440)

The other important new aspect of this legislation concerns the annual report of the Department of Forestry to Parliament; its content will make for a great deal more public accountability as to the state of the forests. Besides the normal information on departmental business and accomplishments, the annual report of the Department of Forestry will contain, likely under a separate cover, a report on the state of the forest and its impact on the Canadian economy.

While the exact form of the first report has not been finalized, it will be comprehensive in its coverage of the forest sector. Clause 10(3) provides for the annual report to contain information on forest employment; an inventory of Canada's lands; a review of new forestry-related products; a survey of environmental standards being applied by the forest industry; trade issues and figures, and the integrated use of our forests; as well as simulation projections of consumption and prices of forest products, raw wood inputs and other forest values; state of the forest resource now and in the future, including the amount of the standing forest resource; reductions to the forest through harvesting, fires, insects and disease; the effects of silviculture on forest growth and yield; and the implications of forestry operations on the sustainable development of the forest resource.

This report will be a large undertaking and will draw on the forestry outlook project currently under way in Forestry Canada.

I do not think it is intended that a comprehensive state-of-the-forest report would be tabled each year, since global changes in the forest resource are slow and national forest inventories are not updated quickly to show significant year-to-year differences. The Canadian Institute of Forestry points out that it would make more sense to produce a comprehensive state-of-the-forest report every five years. Therefore, it is envisaged that a comprehensive report will be produced every five years. But in the intervening years the Ministry of Forestry would table a report containing a statistical summary and forest sector highlights as well as a report featuring some aspects of forestry. Each annual report, however, would contain the information called for in the bill in subclause 10(3).

Those are the highlights of the legislation, honourable senators. I hope I have, as I intended, explained the thrust of the new legislation. Thank you.

Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat: Would the honourable senator permit a question? In view of the fact that this is an area of concurrent jurisdiction between the federal and provincial governments, have any of the provinces expressed any opinion on the bill at this point?

Senator Spivak: I am afraid I cannot answer the honourable senator's question, but I will undertake to do so before the future reading of this bill. I am not certain what the answer to that is.

On motion of Senator Fairbairn, debate adjourned.

[*Translation*]

UNEMPLOYMENT INSURANCE ACT EMPLOYMENT AND IMMIGRATION DEPARTMENT AND COMMISSION ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

Leave having been given to revert to Order No. 1:

> Resuming the debate on the motion of the Honourable Senator Bazin, seconded by the Honourable Senator Balfour, for the second reading of Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act.—(*Honourable Senator MacEachen, P.C.*).

Hon. L. Norbert Thériault: Honourable senators, I cannot let the opportunity of the debate on Bill C-21 go by without expressing my concern about the effects of this bill on my region.

Honourable senators, yesterday we had the pleasure to hear the bill's sponsor. He gave us the government's point of view, if I am not mistaken. I had the feeling it was the viewpoint of a rich city dweller who cares little about the effect of legislation on the less fortunate.

To summarize my thinking, I would say that the present unemployment insurance plan is probably the fairest one in all the industrialized countries. It provides initial benefits to victims of technological change, seasonal industries, business rationalizations, natural resource depletion and it also grants extended benefits where the regional unemployment rate exceeds 4 per cent. Moreover, the government bears the full cost of these extended benefits since it admits its responsibility for employment planning and unemployment control. So far, the government has felt that premiums paid by employers and employees should not be used to cover the extra cost of benefits for the jobless in places where there is not full employment.

The government thus provides compensation, additional insurance for those who more easily fall prey to unemployment. Therefore, I thought that we could all be proud of this fair national program. Just because other industrialized countries have stricter eligibility requirements than ours does not mean that we have to copy them.

The minister, Mrs. McDougall, used Japan as an example. There one must work 26 weeks to collect unemployment insurance. She concludes that Canada is much too generous and must raise its eligibility standards. Mrs. McDougall would certainly do better if she imitated Japan's employment policy. Japan has less than 3 per cent unemployment. When our own unemployment rate is down to that level, then perhaps we could consider imposing stricter criteria here in Canada.

If you must compare, don't compare apples and oranges. In any case, just because our American neighbours give their unemployed a raw deal doesn't mean we have to harmonize our system with theirs. No Canadian would want to be unemployed in the United States!

During the hearings of the Forget Commission, a number of intervenors stressed the fact that any reduction in the benefit period and any increase in the number of admissible weeks would inevitably increase poverty and the disparity between rich and poor in this country.

The Atlantic region, where many of the unemployed live, would suffer immediate and disastrous consequences following any reduction in unemployment insurance payments. Unfortunately, the survival of many communities in Eastern Canada depends on unemployment insurance. We certainly do not have full employment in the Atlantic region. The economic prosperity this government is so proud of is hardly apparent in regions like northeastern New Brunswick, where we have 20 per cent unemployment, like Cape Breton with 21 per cent, Prince Edward Island with 18 per cent and Newfoundland with as much as 27 per cent.

One of the reforms proposed in Bill C-21 is to take at least three weeks off the benefit period for the unemployed in the Atlantic provinces. This is harsh medicine for the poor who are constantly haunted by the spectre of unemployment. We have people who desperately need the meager income they get from unemployment insurance, since they don't have job guarantee. What does the reform have to offer to the unemployed in disadvantaged areas?

Yesterday, Senator Bazin quoted *Le Devoir*, and I will also quote an article that appeared in *Le Devoir* on April 14, which says:

> As the Wilson Budget confirmed on April 26 and 27, the government has decided to stop paying the cost of extended benefits in regions with high unemployment, which totalled $2.4 billion in 1988. A detailed analysis of the reform shows that the government has found a very subtle way to withdraw from the unemployment insurance plan, by changing the way benefits are calculated. This new calculation, which eliminates the concept of initial benefits and extended benefits, no longer provides for a calculation of regional contributions. That is the strategy the government used to get out of the program.

● (1450)

Honourable senators, we know that in the Atlantic provinces, the percentage of total income derived from unemployment insurance is 2 or 3 times as much as in the rest of Canada. We also know that a large part of the contributions or moneys required to pay fishermen's unemployment insurance benefits had until now been provided by the federal government. With everything that is happening in this country today,

fishermen, workers, and the unemployed wonder whether eventually since the federal government is withdrawing completely from the unemployment insurance program, in other words, it is withdrawing its contributions from the unemployment insurance fund—the wealthier provinces like Ontario, Alberta and British Columbia will start pushing for withdrawal from this federal program. Then what will happen to the Atlantic provinces and to less fortunate provinces like Manitoba, Saskatchewan and also Quebec, up to a point?

Bill C-21 is just another way to show the Americans that we are prepared to harmonize every aspect of our economy with theirs, regardless of what happens to the unemployed and the less fortunate.

According to recent statistics, we know that people earning less than $25,000 annually will pay for practically the entire $500 million the government wants to save by withdrawing from the unemployment insurance program.

This is further proof of the present government's philosophy, a philosophy inspired by Reagan and Thatcher and which they want to apply here in Canada.

Honourable senators, when we consider that the committee of the House of Commons which dealt with this bill would not even let the premier of my province of New Brunswick appear before it to explain how the people of New Brunswick would be affected by this measure—

Honourable senators, I hope the Senate will refer this bill to a committee and I hope the committee will take the time to consider the disastrous effects this bill will have on the people of my province and my region.

On motion of Senator Petten, for Senator MacEachen, debate adjourned.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-SEVENTH REPORT OF COMMITTEE ADOPTED

On the Order:

Consideration of the Twenty-Seventh Report of the Standing Committee on Internal Economy, Budgets and Administration (Request of Auditor General of Canada) presented in the Senate on 7th November, 1989.—(*Honourable Senator LeBlanc, P.C. (Beauséjour)*).

Hon. Roméo LeBlanc: Before I move the adoption of this report, with the permission of honourable senators, I should like to table, in French and in English, copies of the letters sent to the Standing Committee on Internal Economy by the Deputy Auditor General, for the Auditor General of Canada.

Copies of correspondence tabled.

Senator LeBlanc: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

[Senator Thériault]

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Beaudoin calling the attention of the Senate to the Meech Lake Constitutional Accord and to the *Canadian Charter of Rights and Freedoms*.—(*Honourable Senator Gigantès*).

Hon. Philippe Deane Gigantès: Honourable senators, this month Mr. Mulroney, Mr. Turner and Mr. Broadbent all said that, if we did not accommodate Quebec's constitutional demands, Canada, as a federation, would not last. This speech contains some suggestions on how to make Canada last and save Meech Lake, without reopening it. I hope honourable senators will bear with me throughout this long speech. I want to share with them the sequence of thoughts that brought me to the conclusion they will hear today.

Our country, so beautifully diverse, has strains like any other country. Our major strain is the discomfort felt by important groups of Quebecers within our federation. The sense of alienation in the west and east has not turned yet into a serious movement for independence. In Quebec there is such a movement; consequently, we must examine it first.

More and more Quebecers have been asking why, if it is all right to be a Canadian nationalist, worried about American domination, it is not all right to be a Quebec francophone nationalist worried about anglo domination; what is wrong with wanting to be run by one's own? These two questions are really one question. They are not unreasonable. They are pertinent. They ask, in effect, why Canadian nationalism is better.

● (1500)

Nationalism is not a destination; it is a direction. It is not a reality but a dream of where we want to go. The fact that Canadians of English descent and Canadians of French descent have had to live together has made Canadian nationalism a better dream.

Because ours was always an imperfect union, Canada was kept from developing the assertive, sometimes embarrassing, sometimes dangerous, ethnocentric nationalism of other nations. We do not think we are a model democracy, as Americans believe they are *the* model democracy, with a manifest destiny to boot. Canadians do not sing of making the confines of the country "wider yet and wider," as Britons do. Canadians do not sing, as Germans do, of being *uber alles*. Nor do we sing, as the French sing, of irrigating our fields with the impure blood of bellowing, foreign soldiers.

[*Translation*]

Instead we have warriors who know that their fantasies of combat will remain fantasies, for the most part. We ask ourselves questions about our identity; doubt our artistic successes if we have not received the plaudits of Paris or New York. If we live in Ottawa, we apologize about how small and

unexciting our capital is. We believe American myths more than we believe ours—when we know what ours are.

[*English*]

Excepting our shameful treatment of our aboriginal people, we are an equitable, peaceable kingdom.

We have seen our cities become wondrously more interesting because our immigrants submit to a melting pot that is allowed to boil at a pace of their own choosing. Youngsters with the blood of other continents fill our classrooms and achieve astonishing successes that are the seeds of a better tomorrow. We have files of stunning children of all races holding the rope of a kindergarten stroll, promising future beauty too.

Because we have had two founding, conquering languages, and have needed the labour and talent of people speaking other tongues, we have become a pluralist society. There have been other pluralist societies. Ancient Athens, not the closed society of Sparta, did better than other Greek cities because it opened its doors to those who came with skills from other climes. Athens produced a civilization on which we still feed. The dynasty from which sprang the Emperor Hadrian gave Rome many years during which nations and languages mingled peacefully and productively.

[*Translation*]

In Egypt, Ptolemy so cared about his Jewish subjects who could not read Hebrew that he had their holy books translated into Greek, which they knew. In the Middle Ages, the tolerant Arab kingdoms of southern Spain nurtured foreign cultures in their midst, keeping the torch of civilization and inquiry alive.

[*English*]

The Austro-Hungarian Empire, in its last century, was a pluralist society in which many language groups shared power and enriched each other's culture and well-being. It is through such mixing and enrichment that civilizations improve.

To make our pluralist society work we have evolved into a form of democracy in which the judiciary can interpret the laws so that they are both fair to the minorities and fairly applied to the minorities. As for majorities, they have the power to make the laws. We have been able to dream that, in this legal framework growing from two distinct roots, we have a society that values people for what they are and do, and not for their ethnic origin, religion or language. This is better than the ethnocentric dreams of other nations. We Canadians, with our pluralist society, have much to be proud of, to be nationalist about. Fortunately, our nationalism is engagingly diffident, and that makes it special and better.

[*Translation*]

Because the anglophone conquerors were willing to share power with the conquered, francophones in Quebec have fared much better, by and large, than minorities in other countries. They were allowed to keep their language, their schools, their laws. For a long time, Quebec workers were exploited by anglophone foremen and bosses who yelled at them to "speak white." But in those days, anglophone bosses exploited anglophone workers and francophone bosses exploited francophone workers.

In 1960, when Québecers decided to take charge of their own economy and to shed habits which had kept them from doing so before, anglophone Canada did not try to stop them. The transformation has been remarkable.

[*English*]

Quebecers have improved their standard of living and their economic tools at a faster pace and more judiciously than the rest of Canada has. They have built, for example, a huge and creative investment fund out of pension contributions. Improvidently, other provinces have neglected to build such funds. And Quebecers are devising new ways of achieving greater, future economic success.

So we have our dream destination, a covenant of an equitable, pluralist society; we have the map of how to reach it. But we have also had too many rude awakenings that cast the dream in doubt. We have broken our covenant too many times.

Manitoba broke the covenant in 1890 by legislating away the legally guaranteed linguistic rights of its francophone minority. The federal Prime Minister, Sir Wilfrid Laurier, a francophone from Quebec, broke the covenant when he did not use his constitutional power to disallow, to annul, the anglophone legislative assault on francophones in Manitoba. His was an unforgivable breach of the covenant for the sake of electoral advantage, among other reasons. It was also a portentous precedent: unenlightened anglophones could launch attacks on francophone rights by citing the Laurier precedent as their justification.

There is no justification for breaking the fundamental covenant of the nation and illegally taking away the rights of a major partner, the francophones, as the anglophones did in Manitoba, Ontario, Alberta and Saskatchewan.

[*Translation*]

Ontario anglophones have tried to make amends, restoring some of the rights they took away from the province's francophone minority. It would heal old wounds faster if Ontario proclaimed itself a bilingual province in which public services are given in both French and English: they already are, to some extent, so why not make it official?

[*English*]

Manitoba shed its political blood recently to do a little atoning. The Alberta and Saskatchewan governments have done much less, and done it with enough ill grace to revive memories in Quebec of ancient wrongs.

Quebecers are now more self-confident and self-sufficient than ever. Many young Quebecers profess an indifference towards the past and say they simply want their own country, based on ethnicity as so many other countries are. Other Quebecers are less willing to forget past breaches of the Canadian covenant. There are even articulate, modern Quebecers who still resent losing on the Plains of Abraham. I have relatives like that. They carry the heritage of France in their folk memory: France became and remained a great power by staging innumerable comebacks. Its Quebec descendants have this French trait.

Quebecers have gone through nine years of a government that sought political independence from Canada combined with economic association. That option lost in the 1980 referendum, but its proponents scratched every old wound, real or imagined, in the history books. A good many of the province's scribes, teachers, professors and artists joined to nurture their bitterness, detailing in print, speech and song how francophones had been and still are offended.

The young who want their own independent country and say it is not because of the past; the others who feel bitterness about the past; still others who are not actively involved with the two previous groups but feel affinities with them: all these are threads that make up Quebec's current view of its place in the Canadian federation. This view is coloured also by a fear for the future felt by the Quebec francophone nationalists: their women no longer produce enough children.

[*Translation*]

Without immigrants, Quebec's population would be declining. Immigrants bring their own cultures to Quebec. Moreover, while accepting the local law that their children must study in French, immigrants also want these children to be fluent in English; as the international language, English is useful to the waiter dealing with American customers, and to the scientist who needs to read learned English publications.

[*English*]

Further, the trendiest entertainment is produced in English by the U.S.A. All the children in Quebec, whatever their ethnic origin, listen to English rock stars. Then, most computer programs speak English and the children who do not use computers are getting fewer. Finally, Quebecers are increasingly active in international trade, which rests on English. Their principal customers are the anglophones in Canada or in the United States.

In short, Quebec is forced by its economic ambitions to be bilingual. Rightly or wrongly, many Quebec nationalists fear that bilingualism is the first step towards becoming a unilingual anglophone. Indeed, there is a contradiction between the fear of Quebec elites that bilingualism will sap French and their desire to make sure that their children learn English, the essential equipment for economic success in the world today. They are conscious of this contradiction. They cannot escape it and it makes them anxious. One could score debating points off a Quebec nationalist about this contradiction, but what would be the use? They are our fellow citizens; why should we twit them about their anxiety?

We cannot take this anxiety lightly because it pushes Quebecers to say that if learning English is inevitable, if the kids are going to use English, then francophone Quebecers need more political power to make sure that their French language is not obliterated. And the redistribution of powers in the federation Quebecers want means constitutional renegotiation from time to time.

[*Translation*]

Constitutional renegotiations may indeed be necessary, periodically, in a federation. Technology changes. International trading situations change. Demographic facts change. The earth's environment changes. New laws, new regulations may be needed; and the authority best suited to the task of issuing them may not be what the Constitution now provides.

[*English*]

So there is nothing wrong, *per se*, in having had a renegotiation of the Constitution at Meech Lake.

It has become a journalistic cliché to say that the average Canadian is bored by constitutional matters. But playing the game of being a pluralist federation without a set of rules is as unthinkable as playing hockey without rules. As in hockey, the rules must occasionally be renegotiated.

• (1510)

Meech Lake was a renegotiation officially undertaken to deal only with the fact that Quebec had not officially accepted the 1982 constitutional amendments: they applied to Quebec; Quebec had made use of them; but the Quebec National Assembly had said it could not accept them officially because they had been adopted without its prior approval.

However, even though the Meech Lake renegotiation was the "Quebec round," it was held against the background of problems that parts of Canada, outside Quebec, perceive to be major. The accord, at the very least, should not have made solutions harder for these problems—the problems of the aboriginal people; the feelings of alienation in the east and the west of the country; the need to lower barriers to trade between provinces so that we can show a united front to our international competitors.

We took the land from our aboriginal people. We have treated them as racial inferiors, unable to look after their own interests. Figuratively, we emasculated them, by making them wards of a paternalistic white state. Such tutelage is insidious and debilitating.

We already spend a lot of money on aboriginal peoples; but the money is misspent. Aboriginal people need a deal that lets them recover their self-respect by running their own affairs. This means, where possible, territory in which they would have autonomy; where the aboriginal people run things, not the white settlers in their midst.

The Northwest Territories are the closest to such a solution. Native people there outnumber the non-natives. But even in the Northwest Territories it is not easy to give aboriginal people autonomy, because too many whites have interests to protect. Though native people are a majority in the legislature, the government they control does not have the powers of a provincial government. The next step, logically, would be to make the Northwest Territories a province, even though some provinces are opposed; even though some industries would rather not have to deal with a provincial premier who is an aboriginal.

Outside the Northwest Territories aboriginal people are numerical minorities, dispersed in small, discrete groups, with too few resources and too little land for more autonomy. Others have no secure, officially recognized title to any land. Further, the lack of economic opportunities on Indian lands

has led to large migrations towards the cities. Native people in these cities do not need territory to administer, but institutions they will control. All native people need autonomous institutions that they themselves control.

For their part, Canadians in the Atlantic and the western provinces feel that their small populations make them politically impotent in the process of reaching national decisions on the economics and politics of the nation. Whether their case is indisputable in all details does not matter. Enough of it is indisputable to feed the feeling of alienation. For example, when the west develops its resources, it enriches banks, insurance companies and investors in Toronto. These have not always reinvested in the west. The same can be said of the Atlantic provinces.

Industrial investment has clustered in Ontario and Quebec. This may be because an industrialist prefers to be near other industries that can give him the services and parts he needs. But once the industrial cluster began forming in central Canada, it was hard to industrialize the east or the west. This explains why Albertans are so attracted by a powerful, U.S.-style Senate, with an equal representation from each province. Many Albertans think that senators in such a chamber could bring investment to the outlying regions, much as U.S. senators bring investment to their small states. Many Atlantic Canadians share this Alberta dream.

The two central provinces do have the majority of the seats in the House of Commons. They have had a majority of the ministers in cabinet over the years. Many of these ministers represented views that were certainly anathema to many westerners, not just on investment matters but also on economic ideology, personal ethics and individual rights.

Atlantic Canada has been less vocal in expressing its alienation, but the alienation is there. Many Atlantic Canadians are bitter about having become the paupers of Confederation after starting as its most prosperous citizens.

[*Translation*]

The anglophone media are run from Toronto and view Canada through a Toronto prism. The francophone media are run from Montreal and largely ignore what happens in the Atlantic provinces or the West.

[*English*]

The federal public service seems remote, unaware of how life is lived in an outport or a prairie town, preoccupied with things like bilingualism that appear unnecessary to the people by the wheatfields and the ocean shores.

This alienation of the west and east is bitter, but perhaps not as irredeemably bitter as the alienation of Quebec's francophone nationalists. That is why Meech Lake happened.

Over and above its special concerns, the Quebec political and bureaucratic elite shares, with similar elites in other provinces, a common concern about federal power. Some provinces, notably Quebec and Alberta, would like to take over powers now exercised by the federal government; they would like to spend, in their own way, money now spent by Ottawa. All provinces would like a bigger voice in Ottawa and bargaining chips: in the past provinces have asked for a *quid pro quo* before approving a constitutional change.

As an example, in the autumn of 1989 the Honourable Joe Ghiz, Premier of Prince Edward Island and supporter of Meech Lake, said that, should he want to blackmail Ottawa, he could refuse approval of a revised Meech Lake Accord until he was promised that the Summerside military base on his island would not be shut down. Mr. Ghiz was using this as an example of blackmail in constitutional negotiations and not as a threat. Quebec commentators have openly talked of losing in the 1982 Constitution the "blackmail power"—that is the way they referred to it—they had had because, until then, they could block revisions of the Constitution unless they got concessions in exchange: all changes to the Constitution, before 1982 but not after, required unanimous consent of all the provinces.

What the renogotiators produced at Meech Lake is a badly flawed deal. I shall not review in detail all the criticisms of the accord: that reintroducing provincial unanimity as a condition for many aspects of future constitutional change makes Senate reform and creating new provinces much harder; that the Meech Lake Accord enshrines "executive federalism" whereby the 11 first ministers meet behind closed doors, avoid public democratic debate, and run the country as it if were a private firm; that it will be much harder to lower barriers to trade between provinces; that no new national programs could be launched in fields of provincial jurisdiction with uniform standards for all the country. I want to concentrate on the major defect of the accord.

[*Translation*]

The Meech Lake negotiations, we are told, were an unhoped for opportunity because never had a Québec premier asked for so few things. The number of demands is irrelevant, of course. What counts is what the demands would do to Canada, if granted.

Ten demands could be innocuous; conversely, one of them could be lethal if it were incompatible with Canadian federalism.

[*English*]

Quebec demanded that it be recognized as a "distinct society" in the preamble to Canada's Constitution. The demand was more than granted. At Meech Lake, Quebec was not merely recognized as a distinct society: the courts were told to interpret the Constitution in the light of Quebec's being a distinct society with the duty of preserving and promoting its specific characteristic of having a francophone majority and an anglophone minority.

● (1520)

There is nothing wrong with having interpretive clauses. A constitution has to be interpreted. An interpretive clause indicates the direction the interpretation could take. Without being an interpretive clause, in the strict sense of the word, the very first article of the Charter of Rights gives a direction to the courts about how they should interpret the Charter.

> 1. The Canadian Charter of Rights and Freedoms guarantees the rights and freedoms set out in it, subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

In other words, a legislature can pass a law restricting a right guaranteed under the Charter, provided this can be shown to be a reasonable and justifiable restriction. Who will judge whether the restriction is reasonable and justifiable in a free and democratic society? Who will "interpret" this restriction? The law courts. The law courts interpret the law, have the last word, and citizens and governments accept that the courts, after the last appeal has been heard, have the last word.

If an accord is drafted including an interpretive clause, those signing the accord have the moral obligation to accept, in advance, the final verdict the courts will reach while using the interpretive clause in question.

Recently the Supreme Court of Canada said that it was reasonable and demonstrably justifiable for Quebec to reduce the freedom of commercial expression in other languages; Quebec could demand, the court said, that the French language be most prominent and occupy the most space on a commercial sign; but Quebec did not need to ban all other languages from those signs to preserve and promote French. In handing down this decision, the Supreme Court was interpreting the "freedom of expression" article of the Charter, Article 2(*b*), in the light of Article 1 which says, as we just saw:

> The Canadian Charter of Rights and Freedoms guarantees the rights and freedoms set out in it, subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

The Government of Quebec then overrode the judgment of the Supreme Court of Canada and banned any language but French on exterior commercial signs. Quebec had the right to do that under Article 33 of the Charter, which says that the federal or provincial Parliaments can pass an act that will apply, "notwithstanding" other provisions of the Charter.

By that action the majority in the Quebec National Assembly made its attitude clear on the matter of verdicts reached by the courts on the basis of interpretive clauses. It is as if this majority in the Quebec Assembly had said, "We shall accept the court's verdict if it agrees with our position; but if the verdict agrees with the minority's position, then we have the power to disregard and shall disregard the court's verdict."

If a majority in a legislature takes this view consistently, it declares that only those citizens who agree with the majority can count on the full protection of the laws; citizens who do not agree with the majority do not have this protection. That undermines the very foundation of democracy, which says that all citizens are equal before and under the law.

The decision of the Quebec government broke the democratic covenant of this country. This is not just a point for constitutional lawyers. It is central to each citizen's rights and freedoms in a modern democracy. Those in the majority who are allowed to enjoy the protection of the courts have the moral duty to fight against such protection being taken away from the minority. All arguments to the contrary are irrelevant.

It is irrelevant to argue that Quebec's anglophone minority has hitherto enjoyed full protection under the law. If it enjoyed this protection before, it should still enjoy it.

It is irrelevant to argue that anglophones in Quebec are better treated than francophones elsewhere. This cannot mean that the treatment of anglophones in Quebec must now become less good than it has been.

It is irrelevant to argue that the "notwithstanding" clause used by the Quebec government to disobey the Supreme Court was put in the 1982 Constitution at the insistence of the western provinces; that Quebec simply used a legal clause which was there, in the Constitution. The moral obligation to obey the Supreme Court's reasonable interpretation of the Constitution remains, notwithstanding the "notwithstanding" clause in the Charter.

It is irrelevant to argue that the Meech Lake Accord had not yet been enshrined in the Constitution when Quebec used the "notwithstanding" clause to disobey the Supreme Court on the signs legislation. Suppose the Meech Lake Accord had been in effect in 1988, with its directive to the courts that they take into account Quebec's duty to promote and preserve its distinctiveness as a mainly francophone but also anglophone society. Would the Supreme Court have changed its verdict and not said, as it did, that Quebec can demand that the French language be predominant on commercial signs; but that Quebec does not need to forbid other languages on signs in order to preserve and promote French? Most Quebec constitutionalists have said that the Supreme Court's decision would have been the same even if Meech Lake had been in effect. After all, Meech Lake asks the courts to consider Quebec's duty to preserve and promote both its majority and its minority language, both French and English.

In fact, the Premier of Quebec foresaw the possibility that the Supreme Court would rule as it did. That is why he fought hard during the Meech Lake negotiations to make sure that the "notwithstanding" clause of the 1982 Constitution was retained, so he could block a court decision.

Senator Flynn: No. That's not true!

Senator Gigantès: Mr. Bourassa fought "for hours," says his cabinet colleague, Gil Rémillard. I refer the honourable senator to the *Journal of Debates* of the Quebec National Assembly of June 30, 1987.

So someone at Meech Lake must have brought up the "notwithstanding" clause. There were some brainy premiers present. At least one of them must have asked, "What would happen if the Supreme Court, using the "distinct society" interpretive clause, reached a decision that displeased the Quebec government? Would Mr. Bourassa use the "notwithstanding" clause? His answer must have relied on all those hands, first on one and then on the other, that so annoyed Winston Churchill. I doubt that the other ten first ministers could have had an agreed interpretation of what Mr. Bourassa had said.

Now, however, we know what his answer meant: under political pressure, he would go for what would do him the least damage in the eyes of Quebec's vocal political and media elite: he would use the "notwithstanding" clause. And he *has* used it. His French-only-signs law was scorned by nationalists as too soft on English and too confused. But they did not attack him for disobeying the Supreme Court.

Quebec's nationalist "intelligentsia" largely applauded the legislators of Quebec when they said, in effect, "We shall accept the Supreme Court's verdict if it agrees with our position; but if the verdict agrees with the minority's position, then we have the power to disregard and shall disregard the Supreme Court's verdict."

Once again, in government as in hockey there must be rules and a referee who interprets and applies them. A referee cannot use the rules to protect only the hometown heroes and not the visitors. A game cannot be run that way. A society cannot be run that way either.

Further, Premier Bourassa and his constitutional expert and minister, Gil Rémillard, keep saying that they will use the "distinct society" clause to ask that more and more powers pass from the federal government to Quebec's government. Their argument is that they need more and more power to protect the French character of their majority. They mention control over unemployment insurance, child tax credits, Old Age Security, communications, an even more distinctive Quebec role in foreign relations, banking . . . .

To this a federalist replies that, by reintroducing a veto for all provinces, the Meech Lake Accord made sure that more powers cannot really be given to Quebec unless they are given to the other provinces as well; that other provinces will demand they be treated as favourably as Quebec.

[*Translation*]

The followers of Mr. Bourassa, like the members of the Parti Québecois, have two answers to this federalist comment: that the other provinces should understand that Quebec has greater needs because it must defend its French nature in an ocean of English; and that if the other provinces insist on having all the powers that Quebec wants, then Canada will become a different form of federation, and what is wrong with that?

• (1530)

[*English*]

To which the federalist has two replies: if all the provinces eventually get all the powers Quebec claims, there will be no Canadian federation; if Quebec alone gets powers and if Quebec means what it says—that it shall always want more, and does not put a cap on its demands for more—then that can only lead to an independent Quebec with or without an economic association with Canada.

Fervid supporters of the Meech Lake Accord claim it creates a better federalism. How?

The terrible thing about the Meech Lake Accord and the way it has been promoted is that it damages Canada whether we pass it or not.

If we do not pass it, there will be howls from the Quebec media and political elite. Worse, the Prime Minister and the leaders of the two opposition parties have been going around saying that a "no" to Meech Lake would be a "no" to Quebec. A lot of Quebecers, who are not constitutionalists and only amateur nationalists, are being conditioned to believe that the rejection of Meech Lake is a denial of their worth.

It does not help that there are anglophone Canadians who say that, rather than have Meech Lake, they would be glad if Quebec left. They call themselves the bon voyage group. They are taking odious risks with the ties that bind this nation. Quebec is an essential ingredient of Canadian society as we know it. The rhetoric of these anglophones is divisive.

It is not only on the matter of Meech Lake that the rhetoric has been divisive. The debate about the Free Trade Agreement heard more of the same. The government side ignobly insinuated that Ontario had made a fortune out of the Auto Pact and objected to letting Quebec get its chance to get rich under free trade.

There was similar rhetoric over the drug bill, allowing the multinational pharmaceutical companies to hike their prices in Canada. These multinationals were promising to increase investment in research if they could charge more for their pills. The opposition wanted the additional research spending promised by the pharmaceutical companies to be part of the legislation. The government side replied that Ontarians were opposing the drug bill because it would generate investment in Quebec. Such rhetoric played odiously on old suspicions between francophones and anglophones.

Thus, it is amid worsened tensions between francophones and anglophones that we must examine what is likely to happen.

If Meech Lake passes, the Government of Quebec will invoke the "distinct society" clause and use the courts, somehow, to ask that powers now exercised by the federal government be transferred to Quebec. Mr. Remillard said so.

If the courts grant Quebec's requests, and the federal government does not use the "notwithstanding" clause to block the courts' decisions, Quebec will march steadily towards sovereignty association—an independent Quebec with some economic ties to Canada.

If Quebec does not get from the courts what it asks for, Quebecers who want independence will say that the "distinct society" clause was a fraud. If the Parti Québecois is in power, it will launch a series of referendums asking Quebecers whether they want Ottawa to surrender certain powers to their province. Every time the Parti Québecois wins such a referendum, federalism will be in trouble. If Ottawa accepts the verdict of the Quebec referendum, federalism will lose one more tool; if Ottawa refuses, the nationalists will attack Canadian federalism for being undemocratic.

To repair the damage, could we hope that the first ministers might agree on some accommodation? For instance, without reopening the Meech Lake Accord, they could all pass resolutions—not constitutional resolutions, legislative resolutions—

in their respective legislatures, renouncing the use of the "notwithstanding" clause. These resolutions could pledge that, when all appeals have been heard and the courts have given their final verdit, no legislature will use the "notwithstanding" clause to set aside the court's decision.

These resolutions would not have retroactive effect. Quebec's law banning all languages but French on commercial signs could still be defended every five years by using the "notwithstanding" clause. The clause is only valid for five years but is renewable. The Quebec government would not have to retreat on this issue. The Quebec minorities would have sustained a partial loss of their freedom of commercial expression, but the minorities would know that, thereafter, they would have from the courts protection equal to the protection enjoyed by the majority.

The "distinct society" clause would be what it was designed to be, constitutionally: a clause guiding the courts to allow for Quebec's need to preserve and promote its specificity of being a distinct society, with a francophone majority and an anglophone minority. The courts would judge, at every step, whether Quebec did, indeed, risk losing its French identity unless it took over powers of the federal government. All would be morally bound to accept the verdict of the courts.

[*Translation*]

In *The Gazette* of November 4, 1989, Hélène Pelletier-Baillargeon, author and self-styled "long-time *indépendantiste*" writes that she is "against the Meech Lake Constitutional Accord because it abandons the concept of Quebec as a distinct society to the interpretation of the judges".

[*English*]

No one can negotiate a constitution for a federation and please those who want to leave the federation. If a Quebec majority elected a separatist government, that government could annul the renunciation of the "notwithstanding" clause and begin using it again. But then, if a separatist majority emerges in Quebec, separation will follow; it will hardly matter whether, in the process, the "notwithstanding" clause is used.

However, until the day of separation, should it ever come, a renunciation of the "notwithstanding" clause by all our legislatures would restore Canada's democratic covenant that all citizens are equal before and under the law. Should that fundamental step be taken, there are ways of dealing with the other defects of the Meech Lake Accord.

Ottawa, acting alone, could give the Northwest Territories all the powers that the provinces have. That would not make the Northwest Territories a province, officially, but it would have the powers of a province. After some time the other provinces would agree that there was no point in not putting the right label on an existing fact.

After the trouble "executive federalism" got into over Meech Lake, it is doubtful that the 11 first ministers will try again to run the country as if they were the directors of a private company, meeting secretly in their boardroom. The media will be vigilant about this.

[Senator Gigantès.]

The Meech Lake rule demands the consent of all 11 governments before a great many things can change in the Constitution. This veto for each province was not imposed on them: they all wanted it. It does make future change difficult. But where does that leave us? It leaves us, for the most part, with the 1982 Constitution, and that is not so bad.

The veto for each province makes more difficult the lowering of barriers that provinces have set up against free trade among themselves. It is illogical that we should be working for free trade with the U.S.A. without first achieving a Canadian common market. But there is Article 121 of the British North America Act, still valid, which says:

> 121. All articles of the growth, produce or manufacture of any one of the provinces shall, from and after the Union, be admitted free into each of the other provinces.

Article 121, if vigorously used, could challenge barriers to trade in goods. As for barriers to the provision of services, some barriers can be challenged under Article 6(2)(*b*) of the Charter, which says that every citizen or permanent resident of Canada has the right "to pursue the gaining of a livelihood in any province."

Meech Lake makes it difficult to launch new national programs in fields of provincial jurisdiction and enforce national standards. Under Meech, a province can decide not to join such a program and demand the funds for it, all the same, provided the provincial government has some initiative that is "compatible with national objectives". That is too vague. At a stretch, a province could take education money and pave roads, saying this would make it easier for school buses. The fear is not that Ontario or Quebec will set up social programs of inferior quality but that a premier in a smaller province might. That is why precise national standards are needed. We can solve this by not launching new national programs in fields of provincial jurisdiction. Ottawa can make deals with a needy province to help finance new social programs, such as better child care in that province, if the province agrees. With better childcare and more jobs, through the programs that I will propose in later speeches, that province will do better, keep its talented people and maybe attract others, which is a fine way of dealing with regional disparities. Other provinces will want to imitate.

● (1540)

Some provinces worry because Meech Lake gives Quebec 30 per cent of all immigrants coming into the country. The fear is unfounded, since Quebec loses a majority of its immigrants to other provinces. Others mind because Quebec will take over from Ottawa the orientation of immigrants coming into the province: with federal funds, Quebec could teach these immigrants to be Quebecers only and not Canadians. I do not think that can be done in orientation courses. Immigrants are wary. They take the politics of their new country in small doses. They know of political, regional, linguistic and religious divisions in their own countries. They will not adopt Quebec's dislikes.

With full employment policies I shall recommend in future speeches, Quebec will be able to accept the very many immigrants from France it now refuses because they would find no jobs. With such French immigrants in large numbers, Quebec's fear of losing its French identity should abate.

In short, we can live without reopening Meech Lake and can make the country work, provided the first ministers accept to renounce the "notwithstanding" clause by a legislative, not a constitutional, action. If they do not, the basic democratic covenant of the country is damaged: all citizens do not have guaranteed protection before and under the law when the majority obeys only those verdicts of the court with which it agrees.

As for Albertans and other devotees of the Triple-E Senate, let them reflect that they have something like it in the evolving "executive federalism." The first ministers' conferences, now enshrined in the Constitution, are a sort of chamber in which each province has only one representative, who is elected and who can combine with other premiers to pressure Ontario, since this, of course, is the national pastime. Remember that the Premier of Ontario was the least enthusiastic about the Meech Lake constitutional reform. His fellow premiers and the Prime Minister nudged him to change his views at Meech Lake.

Moreover, provincial premiers often meet by themselves, without the federal Prime Minister. They boast that they get to know and like one another, and that they can act in concert, frequently, to put pressure on Ottawa. The federal Prime Minister cannot run the country with all the premiers against him. No federal Prime Minister can disregard the electoral disadvantage of having powerful premiers against him. That's the way things are done in the U.S. Senate. It is not so much a matter of vote counting but of log rolling, as it is called: You give me what I want and I'll help you come voting time.

All we need do now is work at making the first ministers' conferences more public: not that the real influence in the U.S. Senate is publicly visible. Still, openness is desirable in a democracy. The press will not stop complaining about first ministers huddling in secret like the directors of a private company.

We are dealing here not with American state governors but with provincial premiers who have much more power than their American counterparts, because Canada is vastly more decentralized than the United States, with provincial premiers who have much more power than any U.S. senator, other things kept in perspective. Participants in the first ministers' conferences are equal, elected and effective. They are not called the Triple-E Senate, but they amount to much the same.

With just a little good will, we need not reopen the Meech Lake Accord. We can make the country work. Thank you.

Hon. Douglas D. Everett: Honourable senators, I have listened with fascination to Senator Gigantès' presentation on the Meech Lake Accord and the constitutional condition of Canada today. I cannot say that I agree with all of it, but I think the erudition of it, the study and the concentration on the facts are fascinating. There are, however, two or three points that he raised that I should like to address.

The first concerns the "notwithstanding" clause. It has been the vogue in Canada to say that there should be no "notwithstanding" clause, that it should not exist. In fact, however, what we are really discussing here is the supremacy of Parliament. We have a Charter of Rights. It has to be interpreted by the courts, and we know from American experience how broad that interpretation can be and how much it can change over the years. We know from the experience in communist countries and in most dictatorships that we can have exemplary constitutions and bills of rights, but that freedom of the individual citizens to do the things that people do in a free society is proscribed almost completely in many cases. So just because we put something in fine language, does that mean we should rely on the courts to give us the fluid interpretation of the day? That is why we need the "notwithstanding" clause. The legislatures, the Parliament, the people who are elected: they are supreme, and there are times when they have to override the interpretation of the fine words that are contained in the Bill or the Charter of Rights. That is what is important, and that is what we must keep in mind.

I think it is perfectly legitimate to make it as difficult as possible for the legislatures and the Parliament to override the Charter of Rights. It makes good sense to say that there is a five-year limitation on it and that you have to come back again to see if the will of the people is still to use the "notwithstanding" clause. However, I am confident that in a truly democratic society there should be a "notwithstanding" clause, and I hope that we are not just carried away with the idea that once you have a Charter of Rights everything will be all right from then on.

Look at the history of the United States. Look at what "separate and equal" meant 20 or 30 years ago and what it means today.

The second point I should like to deal with very briefly is the point that Senator Gigantès raised about how marvellous the first ministers' conferences are and how they are the way to balance the political and economic differences in Canada.

● (1550)

I have to reject that, senator. I do not think it has worked and I do not think it will work. I am not sure if I heard you correctly, but I expect that you might have some degree of agreement with me that there should be an elective Senate—and I really think that that is the only way out of this constitutional dilemma. Whether it be completely equal or not and how effective it should be I am not sure. I leave that to the constitutional lawyers, but I have no doubt that this body should be elective; that the distribution of powers and the distribution of input from the regions should be much greater than it is today.

If I recall correctly what you said, you raised, sir, the matter of the economic imbalance in Canada. That is a very grave concern to us in Canada today. The concentration of economic power in the central provinces, especially in the golden triangle

around Toronto, is in some ways more frightening to me than any suggestion that we might have a situation in Quebec that could cause the breakup of the country. If there is not some economic levelling across this country to a greater degree than there is today, then I very much fear what will happen.

We have been given the gift of electronics, communications and computers, and how has the business community used it? It has used it to concentrate power. I happen to know something about the major oil and automobile companies in this country. They have used technology and communication to concentrate power at the head offices instead of using it to disseminate and decentralize that power. I really believe something has to happen, and I suspect it has to happen in political terms. An elective Senate that effectively represents the interests of the region will cause a greater decentralization of economic and political power throughout this country than will any first ministers' conference.

Finally, I want to deal with the point Senator Gigantès made about breaking the covenant. I come from Manitoba, and I believe it is true that, at the end of the last century or at the beginning of this century, we did break the covenant. We did not permit the use of English in the legislature or the courts.

Senator Petten: French!

Senator Everett: I am sorry, French. Thank you. We did not permit the use of French in the legislature or in the courts. But we did rectify that situation. As I understand it, the statutes are largely translated into French now and French is in use in the courts in Manitoba. We may not have created a bilingual province, but we are moving in that direction. Only yesterday or the day before the Premier of Manitoba, in an executive order, proposed to increase the rights of the French-speaking citizens of Manitoba. Senator Gigantès talked about a shared society. Manitoba is moving towards that sharing, as are the other provinces in Canada.

I personally have always supported the bilingual policies of the federal government. They make a lot of sense to me. Yes, Quebec was wronged, and this was the way of righting that wrong. It was not done perfectly, but there was a real desire, in my belief, to move in that direction and to share an obligation with Quebec that French-speaking Canadians feel at home throughout the country. But that is a compact. You cannot talk about sharing and then turn your back on it. I contend that, while the trend in Manitoba and throughout the rest of Canada outside Quebec has been to move to a greater understanding, what we are finding today is a situation in Quebec that is moving in the opposite direction.

It begs the question that the rights of anglophones in Quebec are better protected than are the rights of francophones in the rest of Canada. I admit that, but I also know where the trend is going. I do know that the Supreme Court suggested giving prominence to French in Quebec; but Bill 178 precludes the use of English on exterior signs. Correct me if I am wrong, but you are not allowed to be taught in English until after Grade 4 in Quebec. I do know, and correct me again if I am wrong, that the English immersion—

Senator Flynn: French too!

Senator Everett: —courses are not now being given to Quebec civil servants.

So there is a movement towards a unilingual society. It is not a movement towards the protection and enhancement of the French language in Quebec; it is a movement towards the sort of thing that Quebecers complained about in the rest of Canada. It is those diverse directions that worry me a great deal. If Quebec wants to be unilingual, then, to be fair, I suppose the rest of Canada can say we now owe Quebec no obligation, but I would hope that Quebec would not do that.

I would hope that what we are looking at is a bilingual society and one in which there is good will on both sides. I admit there has been bad will in the rest of Canada in the past, but I am concerned that Quebec does not recognize that it has an obligation to a truly bilingual society.

Some Hon. Senators: Hear, hear!

On motion of Senator Nurgitz, debate adjourned.

• (1600)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SEVENTH REPORT OF COMMITTEE ADOPTED

Leave having been given to revert to Order No. 6:

On the Order:

Consideration of the Seventh Report of the Standing Senate Committee on Social Affairs, Science and Technology (Veterans' Affairs Votes in 1989-90 Estimates) presented in the Senate on 7th November, 1989.—(*Honourable Senator Marshall*).

Hon. Jack Marshall: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator MacEachen, P.C., calling the attention of the Senate to the Budget Statement of the Minister of Finance.—(*Honourable Senator Doody*).

Hon. C. William Doody: Honourable senators, I will not be speaking on this order. If no other senator, including the proposer of this inquiry, wishes to speak, I should like it to be considered debated.

The Hon. the Speaker: If no other senator wishes to speak, this inquiry is considered debated.

Hon. Charles McElman: Honourable senators, could this be left until the instigator of the inquiry is here to deal with it?

Hon. Senators: Agreed.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 9, 1989

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

Prayers.

[*Translation*]

EXCISE TAX ACT

EXCISE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-20, an Act to amend the Excise Tax Act and the Excise Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*English*]

REMEMBRANCE DAY

"LEST WE FORGET"

Hon. Jack Marshall: Honourable senators, again this year, on Saturday, November 11, Canadians will gather at memorials across the country to pay tribute to more than 100,000 veterans who gave their lives at the call of their government leaders to help preserve peace not only in Canada but throughout the world.

This year, honourable senators, I think it is significant, as we have enjoyed five decades of peace since World War II, that our leaders of government, many of whom are too young even to have felt the dangers of war, are gathered near our National War Memorial in Ottawa to determine Canada's future as a nation.

Some 72 years ago, in April 1917, after the renowned battle of Vimy Ridge, one of our then leaders, in a spirit of patriotism, exclaimed with pride after our victory: "Today a Canadian nation was born." I am sure that the young soldiers who experienced the indescribable dangers of that battle were proud to be Canadians.

They were not English or French, honourable senators, or of any other race, creed or colour—they were Canadians.

They wore uniforms of the same colour, used the same weapons and ammunition to protect not only themselves but each other, and many were taken prisoner and suffered incarceration as Canadians. Many were decorated for valour as Canadians.

The only distinctions were the unit badges they wore so proudly and the identification discs worn around their necks so that they would be recognized by those who picked them up after they fell wounded or dead.

While our young leaders, who have the responsibility for national reconciliation, manoeuvre for an accord to bind our nation together, they should reflect on how we became a great nation.

It was out of the blood and mud of Flanders and the Somme that Canada emerged as a proud country.

Perhaps our leaders should reflect also that Remembrance Day is our opportunity to look back in gratitude at those Canadian soldiers, those members of a pioneering generation who turned faraway places such as Vimy Ridge and Passchendaele into objects of enduring inspiration.

They should try that "recipe," honourable senators, for Canadian unity, because we must have the will to keep our country together.

THE ESTIMATES, 1989-90

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(*e*), moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) for the fiscal year ending the 31st March, 1990. (Sessional Paper No. 342-409).

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

Hon. Senators: Agreed.

Motion agreed to.

THE HONOURABLE MICHEL COGGER

APPOINTMENT OF SPECIAL COMMITTEE ON ALLEGATIONS RESPECTING PROPRIETY OF CONDUCT

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

> That a special Committee of the Senate be appointed to inquire into and report on allegations that have been made about the propriety of the conduct of Honourable

Senator Cogger in the context of appropriate standards of conduct for Members of the Senate;

That five Senators, to be designated at a later date, three of whom shall constitute a quorum, act as members of the special committee;

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

That the special committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the committee.

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

On Notices of Motions:

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I ask for leave to revert to Notices of Motions later this afternoon to put the adjournment motion.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

THE SENATE

ABSENCE OF GOVERNMENT LEADER FROM CHAMBER

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Senator Murray is attending the intergovernmental affairs conference, the first ministers' meeting, today and will not be present in the chamber.

TRANS-CANADA HIGHWAY

REBUILDING OF NEW BRUNSWICK SECTION—FEDERAL FUNDING

Hon. Charles McElman: Honourable senators, I should like to put a question to the Acting Leader of the Government in the Senate, to be taken as notice and answered at a later date.

The honourable senator will recall that we who represent the province of New Brunswick have been plying the government leader with questions and requests for financial assistance in the rebuilding of the Trans-Canada Highway in New Brunswick, which is acknowledged not only in New Brunswick but also by the Prime Minister and the Honourable Benoit Bouchard, Minister of Transport, as being the worst part of the Trans-Canada Highway in the nation. Thus far we have not received much encouragement, aside from sympathy, that action will be taken within a reasonable period of time.

• (1410)

It should be noted that this morning at the first ministers' conference the Honourable Frank McKenna, the Premier of New Brunswick, raised this matter and I was delighted with what eventuated following that. The Prime Minister interrupted and said to him that the Trans-Canada Highway in New Brunswick should be known as the McKenna-Mulroney Highway.

Senator Asselin: You mean Mulroney-McKenna!

Senator McElman: No, I am sorry, he said "McKenna-Mulroney". Mr. McKenna and his government have shown their bona fides by imposing an additional tax on highway motor fuel and have dedicated the proceeds of this tax to the rebuilding of the highway. Now that Mr. Mulroney has acknowledged that it is half his highway, we would ask the federal government to please put up their share so that we can get on with the rebuilding.

Hon. C. William Doody (Deputy Leader of the Government): I shall make inquiries, senator.

DEPARTMENT OF FORESTRY BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Spivak, seconded by the Honourable Senator Rossiter, for the second reading of the Bill C-29, An Act to establish the Department of Forestry, to amend the Forestry Development and Research Act and to make related amendments to other Acts.—(*Honourable Senator Fairbairn*).

Hon. Joyce Fairbairn: Honourable senators, I want to congratulate Senator Spivak for outlining very clearly the details of this legislation in her speech yesterday on behalf of the government. Bill C-29 is obviously long overdue in accomplishing the goal of reinstating the Canadian Forestry Service as a full-fledged department. In her speech Senator Spivak made a commendable effort to breathe life and spirit into this bill. I know her concern about forestry and the environment is so intense that she is quite literally willing the department to respond in a way that may go far beyond the capacity of the legislation. I applaud Senator Spivak for that and I agree with her.

In spite of her efforts, however, in many ways Bill C-29 is basically the usual pro forma bill for creating a department. In reality, it falls far short of creating the framework for an active national program to maintain and to manage Canada's

forest resources. While, for the first time in federal legislation, as was pointed out by Senator Spivak, this bill acknowledges the concept of sustainable development, its context remains primarily economic: jobs; the future of the industries associated with forest products; Canada's ability to maintain her competitive world status in forest and wood products.

From this perspective, Canada's access to timber and cutting rights will continue to be managed in conventional ways and, I suspect, with too little attention to and investment in an effective and successful program to reforest and restore those vast tracts of land that now lie barren and eroding in this country. So while the government accepted an opposition amendment in the other place to include the idea of sustainable development, it did not go so far as to define what that means in relation to forestry in Canada. Nor does the bill establish the larger environmental context within which our forests need to be nurtured and maintained.

Perhaps I may be permitted to digress for a few minutes on that larger view of the fundamental issues that drive our desire for a strong and effective federal voice in the management and protection of our forests. On an international level, the degradation of forested land has been going on, as we know, for thousands of years. We know that centuries ago large parts of the Middle East, Asia and Africa, long since reduced to barren desert, were once heavily forested and teemed with life. Over the centuries indiscriminate cutting and agricultural practices known as "slash and burn" reduced enormous areas of land to unproductive desert, and we know that the same practices go on around the world today. We have only to look at the accelerating destruction of the rain forests in South and Central America and in countries like the Philippines and the resulting greenhouse effect that is now accepted as scientific fact.

For all those centuries our earth patiently bore this abuse, demonstrating what many of us in Canada still take for granted: that somehow our planet has an infinite capacity for exploitation without adverse effect.

We now have scientific proof that that is not the case, that, in fact, our period of grace is rapidly coming to a close. Sooner rather than later the frontier mentality of conquer and destroy will destroy us, because these activities will kill the very life that sustains us. Unless, that is, we choose to stop and to reverse the trend.

In Canada, as Senator Spivak said yesterday, our forests are under severe threat as a result of mismanagement, inadequate restocking and poor silviculture practices. Our forests in Canada are also under serious assault from acid rain, disease and insect pests. To give one example from my part of the country, in 1987, in Alberta alone, federal surveys showed that forest tent caterpillars defoliated more than 1.3 million hectares of forest and the egg count suggested that defoliation would be just as severe the following year.

Since the United Nations Brundtland Report on the state of the world's environment defined sustainable development a year ago, it has become fashionable and socially responsible to use that phrase. However, have we really absorbed the sense of its meaning? Can we move from the mind-set of using and controlling the earth's resources, including forestry, at our whim and at our will, on the one hand, to a sense of integration with these elements as a basic part of our life support system and, thus, necessary to our very survival, on the other hand? Can we understand and accept that we must balance immediate economic gain and saving against the investment required to ensure that future generations will enjoy the use of forests and forest products as we have enjoyed them?

[Senator Fairbairn.]

• (1420)

More importantly, have we absorbed the fact that the ability of our children to sustain life on this planet may depend on our development of truly effective conservation, restocking and restorative practices? These ideas are not new at all. In progressive parts of Europe forests have been planted and improved and harvested for centuries; but here we place only a tiny fraction of the same investment in this vital sector of our economy.

Mr. Oberle, before he became a minister, published an interesting report entitled, "The Green Ghetto: Can we Save Canadian Forestry?" He pointed out that our chief competitors, the United States, Norway and Sweden, assign one forester to every 15,000 hectares while we, in Canada, assign one forester to every 450,000 hectares.

It is hard to visualize the fast rate at which we consume forestry products in these modern times. Mr. Oberle pointed out as well in his report that in 1981 production of our national newspaper, the *Globe and Mail*, was then consuming more than 2,000 trees a day. That figure is probably considerably higher now, in 1989. As we read in the *Globe and Mail* yesterday, world demand for paper is expected to double over the next 20 years.

Canada is highly competitive in these products. According to the Economic Council of Canada's most recent annual review, three out of the top four internationally traded commodities in Canada are forestry-related products: pulp and paper, wood and cork, paper and paperboard.

As expected, this bill carries forward the old mandate of the forestry service, particularly pertaining to cutting and timber rights. However, provision to work with the provinces in the essential areas of replanting, restocking and restoring are not specified, nor is there a reference to the protection and restoration of land subject to or already eroded by clear cutting.

During the debate on this bill in the other place, amendments were proposed to put some teeth into the definition of "sustainable development" and to delineate the minister's responsibilities for it. The reason given there for rejecting a more specific definition of "sustainable development," such as "effective management and conservation of forests," was that the more general wording would allow a minister wanting to make real progress to do so. By the same token, it would provide no substantive accountability for the government or a minister in the future who might be willing to do only the basic minimum.

I would hope our committee might look at ways to strengthen the federal mandate and to make the minister more accountable—give him the power of being more accountable—for maintaining and conserving our forests. Perhaps we could also take another look at defining "sustainable development" as it pertains to forestry.

Honourable senators, the very fact that this bill is before us recognizes that, while the provinces have jurisdiction in these areas, the federal government has the usual room to provide national leadership through federal-provincial agreements specifically dedicated to forestry objectives. The need for such agreements, and hence the departmental mandate to negotiate them, is strongly suggested by the very success of forest resource development agreements in the past—agreements which, regrettably, have been allowed to lapse with four provinces: Alberta, Saskatchewan, British Columbia and Ontario. I understand that the Quebec agreement expires in March of next year. So while these agreements have been acknowledged by the minister himself as being tremendously successful, he has said that the government is looking for some means more permanent than short-term agreements to accomplish the same thing. It is far from clear what that mechanism might be or how it would be financed.

At committee hearings on this bill held in the other place, the Canadian Forestry Association itself found the bill lacking in balance as between pure economic goals, on the one hand, and what the association termed integrated resource management, on the other. The association pointed out that the Canadian public will no longer tolerate the purely destructive practices of the past. Besides recreational and other uses, Canadian citizens are overwhelmingly concerned about the environment, and one need only look at any poll on public response to national issues to see the degree of that concern.

The association called for the bill to be strengthened in a number of ways, but, in particular, it proposed that this legislation give the department control of forest resource development agreements—in other words, federal-provincial agreements—and an adequate budget, thereby giving it the ability to provide leadership in integrated forest management.

The Canadian Institute of Forestry also expressed concern that the bill does not provide a sufficiently strong federal mandate. Specifically, the institute recommended that the new department have a clearly stated national responsibility for the following: federal leadership in forestry; forest resource development, including federal-provincial agreements; research and technology transfer; forest resource data; industry, marketing, trade and economic studies; international forestry; human resources, employment and education programs; and public awareness. That is quite a vigorous outline of responsibilities for this proposed new department. We will want to pursue these ideas in discussion with witnesses before our committee.

I should like to conclude with some personal observations. In spite of the deep concern and the strong desire to participate in effective action, federal politicians in both houses of Parliament approach forestry with what I would describe as exquisite caution. At issue, of course, is the jurisdictional separation between federal and provincial responsibilities under the Constitution. We all understand and accept that reality, although sometimes with varying degrees of enthusiasm, depending on which way the pendulum of power is swinging at any given time in our history.

This is not a dry, academic issue. Indeed, one only need notice the passion and anxiety that surround the first ministers' conference that opened this morning in Ottawa. One of the fundamental issues bedevilling the Meech Lake Accord is whether the very unanimity that fashioned the agreement, and is contained within it, effectively will prevent that natural swing of the pendulum between federal and provincial powers as our nation continues to evolve. These concerns are alive and they generate great personal and political emotion. In a sense, the issue that we are discussing in this bill is part of that picture. Forestry falls within provincial jurisdiction, and this bill in itself does nothing to threaten that position.

• (1430)

I know that senators on both sides of this house are concerned that we do not encroach upon areas outside federal power. I would suggest, however, that there comes a time when hard-line jurisdictional protectionism must be tempered—and tempered willingly and voluntarily—by our larger responsibilities as citizens of this country and as citizens of our world. There are issues that develop, perhaps not a lot of them, that force us to rise above the entrenched positions initially established with good and fundamental reason in sections 91 and 92 of the British North America Act, 1867.

Forestry and the environment are those kinds of issues. So is illiteracy, which blunts the development of one quarter of Canada's adult population. At the same time it places at risk a substantial portion of each new generation of young Canadians as we argue about any appearance of federal intrusion into the field of education that is so closely held by the provinces.

These are questions that do not respect paper definitions of jurisdictional boundaries. They relentlessly move through countries and among nations. They are questions of survival of our planet, the quality of the future for our children and the opportunities they will have to live, learn and contribute in a healthy atmosphere.

We have to come up with workable answers. I suggest that means we must set aside the jealousy, the self-interest, and sometimes the hostility with which governments and individuals protect their barriers; and we must use that same energy to conceive ways of building bridges between jurisdictions. I am not talking about the encroachment or dilution of either federal or provincial powers; I am talking about truly sharing the problems and cooperating in finding the solutions.

Those words are easy to say. Lord knows, after 27 years on Parliament Hill, I am aware that some would consider those words even threatening. They should not be considered so, and they are not intended to be so. What is threatening is the tendency we have in this country to use our ability and our human resources to protect the sanctity of boundaries rather

than seeking ways to solve the larger problems that can eventually engulf the nation and reduce all of these jurisdictional imperatives to irrelevancy.

Finally, it all comes down to that simple and much used word "will"—international, national, provincial, municipal, individual will; the changing of attitudes and values that have solidified throughout this century. Bill C-29 may be a small bill in the larger scheme of things, but, hopefully, it is a positive advance in an area of critical importance in Canada.

Honourable senators, I suggest that we refer this bill to committee, that we hear from witnesses, that we perhaps suggest some improvements, and that we set up a truly viable national forestry department.

Some Hon. Senators: Hear, hear!

Hon. Mira Spivak: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform the Senate that if the Honourable Senator Spivak speaks now, her speech will have the effect of closing the debate on second reading of this bill.

Senator Spivak: Honourable senators, I welcome the comments so eloquently expressed by the Honourable Senator Fairbairn. I share her feeling that in this area there ought to be strong federal leadership. I would just point out that, even though forestry falls within the jurisdiction of the provinces, there are related areas in which the federal government has clear responsibilities.

My understanding is that environmental legislation is binding on the Crown, as can be seen in the case of the PCBs—that is, "superior" legislation, if I can use that word. The federal government has jurisdiction in the area of fisheries, the waterways and air, all of which touch upon the general area of forestry. I will not, of course, mention peace, order and good government, but that is another vehicle through which the federal government could legislate or enact all kinds of things in areas that truly do not have any boundaries.

I found the remarks of the honourable senator particularly interesting since she comes from Alberta, a province which is about to enter into a difficult time, if one looks at the health of the forests, since I understand that there are in that province at least seven new pulp and paper mills coming on stream, one of which is the largest in the world. One wonders, when looking at that situation, just how the question of cutting rights, clear cutting and allowable cuts, is going to impinge not only upon the province of Alberta but upon Canada. I, too, look forward to the examination of this bill in committee. I am sure that some productive work can be done there.

Honourable senators, I should like to respond to the question raised yesterday by Senator Molgat with regard to the provincial reaction to this bill. I have been told by departmental staff that the Canadian Council of Forest Ministers applauds the establishment of a federal Department of Forestry in general. I do not think there is a written document or resolution to that effect from the provinces, with the exception of la belle province. The Quebec minister responsible for forests has formally written to Minister Oberle to express his negative reaction to the establishment of a federal department in an area of provincial jurisdiction. That is the only formal kind of reaction to this bill, as I understand it.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Spivak, bill referred to the Standing Senate Committee on Agriculture and Forestry.

• (1440)

UNEMPLOYMENT INSURANCE ACT

EMPLOYMENT AND IMMIGRATION DEPARTMENT AND COMMISSION ACT

APPOINTMENT OF SPECIAL COMMITTEE ON BILL C-21

Leave having been given to proceed to Motion No. 3:

Hon. Allan J. MacEachen, for Hon. Royce Frith, pursuant to notice of Tuesday, November 7, 1989, moved:

> That a special committee of the Senate be appointed to consider, after second reading, the Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act;
>
> That nine Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the special committee; and
>
> That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee.

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

Hon. Senators: Agreed.

Motion agreed to.

UNEMPLOYMENT INSURANCE ACT

EMPLOYMENT AND IMMIGRATION DEPARTMENT AND COMMISSION ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bazin, seconded by the Honourable Senator Balfour, for the second reading of the Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act.—(*Honourable Senator MacEachen, P.C.*).

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, we all understand that this is an important bill, and, because it is so important, I thought it might be useful to put the bill itself in a political and economic context.

We might begin an examination of Bill C-21 by simply asking: How much money is involved and where is it going?

How much money is involved? The answer is billions of dollars.

Where is it going? Under Bill C-21, billions of dollars will be diverted from the unemployment insurance program to fight the deficit. There is, of course, a smokescreen consisting of additional funding for training, but that is all it is—a smokescreen.

We all know that the government finances a part of the unemployment insurance program from its general revenues. In the 1988 calendar year the unemployment insurance program had a total cost of $11.76 billion. The government contributed $2.72 billion and premiums from employees-employers raised $11.84 billion, leaving a surplus of $2.78 billion, a cumulative surplus of $427 million. With the cumulative surplus in the unemployment insurance account, with the unemployment insurance account in the black, it was possible, on November 15, 1988, shortly before the election, to announce a reduction in premiums from a rate of 2.35 per cent of employees' insurable earnings to 1.95 per cent. That announcement of a 17 per cent reduction in premiums, without any corresponding warning that there was danger ahead, was, of course, very much welcomed.

With that reduction in premiums the unemployment insurance account would still be in a current surplus position in the amount of $818 million. At the end of 1989 the cumulative surplus would be $1.25 billion. In 1989 premiums were to raise $10.28 billion, and the federal government's contribution was to be $2.9 billion. The unemployment insurance account was not in a critical state; it was in the black, with a rising cumulative surplus. So we must look elsewhere for the reasons that will explain why we are now amending the Unemployment Insurance Act, why we are reducing benefits, and why we are increasing the period of eligibility for the unemployed.

This was the situation at the time of the election: a healthy unemployment insurance account, with the federal government a full participant.

This bill, however, changes everything. In the words of the Minister of Finance, "the full cost of the unemployment insurance program (will be) . . . financed through employee-employer premiums." These premiums will, of course, increase. In November 1988 it was announced that premiums were being decreased to 1.95 per cent of insurable earnings. They are now being raised to 2.25 per cent, where they will stay for three years. It is interesting to note that thereafter further increases may be inevitable.

Mr. Wilson, in his budget paper, states:

> This rate—

referring to the 2.25 per cent rate—

> is *lower* than the rate that would be required initially to reflect fully the fact that all unemployment insurance expenditures will now be financed by premiums.

It would be interesting to ask what premium rate is necessary to make up the $3 billion the government will no longer be contributing. Will it be higher than the 2.35 per cent rate that was in effect for many years prior to the pre-election reduction? It would be interesting to know that. Perhaps we will hear about that later in the committee.

Mr. Wilson's 1989 Fiscal Plan shows that the government anticipates savings of $425 million in the fiscal year 1989-90 and $1.9 billion in 1990-1991 by virtue of these changes. These are net savings, because, although the government annually injects almost $3 billion into the program, the contributions by employers and employees are tax deductible. In addition, the government itself, as a major employer, will see its UI employer premium contribution rise. In any event, even taking into account these factors, the government will cut its contribution to the fund and, accordingly, its expenditures by almost $2 billion.

To state that this major restructuring of the UI program in the interests of deficit reduction was something of a surprise is an understatement. To understand fully what has occurred, it is necessary to turn our attention to Mr. Wilson's budget—not of 1989 but of 1988.

This was Mr. Wilson's pre-election budget. In the place of tax increases in that budget, the minister proclaimed the success of his medium-term plan and asked for congratulations. Such was the fiscal and economic health of the country in February 1988.

What of the deficit? The Minister of Finance declared that in 1984 it had been "out of control," but that fiscal stability had now been restored. When asked why he did not further reduce the deficit, Mr. Wilson said:

> The reason we didn't do more is I don't like increasing taxes.

I know that these words are difficult to fathom after what was announced in Mr. Wilson's most recent budget, notably the GST, and in view of the legislation now under debate, but that is what he said: "I don't like increasing taxes." The increased premiums for employers and employees under this legislation are equivalent to a tax. We are increasing taxes in this bill.

However, there was one short section in Mr. Wilson's 1988 Fiscal Plan that disclosed how vulnerable the minister's position was to fluctuating interest rates. In a section entitled, "Sensitivity of the Government's Fiscal Position to Alternative Economic Assumptions", Mr. Wilson revealed that:

> For the case of a 100-basis-point reduction in interest rates . . . the budgetary deficit decreases by about $1-1/2 billion after one year and over $3 billion after four years.

Conversely, a 100-basis-point increase in interest rates would increase the budgetary deficit by approximately $1.5 billion after one year.

In his 1988 budget, Mr. Wilson forecast an interest rate of 8.6 per cent for 1988 and projected an even lower rate for 1989—namely, 7.8 per cent. He added, fully confident of the validity of his interest rate forecasts, that:

> Lower expected interest rates should restrain the growth in public debt charges in 1989-90.

As we all know, the Minister of Finance was dead wrong in his forecast of lower interest rates. At the time of his budget in February 1988 they stood at 8.6 per cent. In April they rose to 9 per cent. In July they were up to 9.5 per cent, and by August they reached 10 per cent. By the time the election was called they had risen to 10.5 per cent. They now stand at 12.36 per cent.

When the election was called a year ago, and interest rates were at 10.5 per cent, it should have been clear to the minister and to the government that the fiscal situation was in increasing difficulty. But that was not revealed to the Canadian electorate. In fact, in May of 1988, in a speech in London, England, the minister crowed about how the deficit had been brought under control and said:

> The structural changes that we are making in the Canadian economy have strengthened the foundation for economic growth and investor confidence. That strength will continue in the years ahead as our initiatives take root, grow and bear fruit.

There was so much fruit being borne by the trees so carefully nurtured by Mr. Wilson that, throughout the summer and fall of 1988, it was all that the government could do to harvest the bounty fast enough and proclaim the benefits to the people of Canada in the form of a diversified list of promises, rising interest rates notwithstanding.

When concerns were expressed one year ago during the election campaign about possible cutbacks in the unemployment insurance program, John Crosbie took centre stage to reject categorically the changes. As reported in the *Gazette* of October 14, 1988, he stated:

> We'll be looking at (the UI program) in a couple of years,—

That would be in 1990.

> —presumably to see what improvement can be made or whatever, but there are no changes planned in UI.

On October 14, 1988—just one year ago—he stated that there were no changes proposed in UI.

However, the Minister of Employment and Immigration revealed on October 3, 1989, before the legislative committee on Bill C-21, that the government was, in fact, already looking at possible changes to the UI program at the very time Mr. Crosbie was providing his words of reassurance. This is what the minister said before the committee:

> In terms of when we began doing this, certainly it was before the election that I suggested to my officials that we should be looking at training options to get us ready for this world that we saw coming. Then we went off, like everyone else in this room, and pounded the pavement for three months.

● (1450)

Of course, to examine training options involved an examination of where the money was to come from, and that raised the whole question of the unemployment insurance program. In any event, those are the words of the minister in the committee, candidly telling us: "Yes, we were looking at these things before the election." Unfortunately, they contradict not only the words of Mr. Crosbie but apparently those of the Prime Minister himself.

Turning again to the statement of Mr. Crosbie during the election campaign, I should like to remind honourable senators that not only did he call the rumours "complete nonsense" but he assured reporters that he went to the Prime Minister himself to set the record straight; he went to the highest authority:

> You're damn right I asked him (prime minister) about it. And he said no. No one is planning any changes in the unemployment insurance program . . . We're not contemplating any changes.

No, of course not. That is why the Minister of Employment and Immigration had her eager beavers in the department, before the election, examining all the options as she went out pounding the pavement and not clearing up the assurance that had been so falsely made by the Minister of Trade.

Further, as the election campaign was drawing to a close, economists were expressing concern that increased interest rates were pushing to $32 billion the projected 1989-90 deficit.

Was the Minister of Finance concerned last November? Apparently not, even though he knew the facts about the relationship between increasing interest rates and the deficit. Apparently he was not concerned. An *Ottawa Citizen* story, dated November 15, 1988, reads:

> A report that the government now expects the deficit to rise to $32 billion next year is wrong . . . "No, that's not accurate," Wilson said as he left a Conservative rally at which Prime Minister Brian Mulroney spoke to about 3,000 business supporters.
>
> Mulroney refused to answer any questions on the report as he left the rally. However, Wilson said his department has no projections showing the deficit will rise.

Honourable senators, on the very day that Mr. Wilson was providing these assurances the 90-day commercial paper rate was 10.85 per cent—225 basis points above the 8.6 per cent rate projected in the 1988 budget. That made it plainly evident to everyone that the fiscal situation was in trouble. However, what is worse is that the rate was 305 basis points above Mr. Wilson's 7.8 per cent projection for 1989, and rising. In those circumstances, one would have expected the Minister of Finance to express some slight concern. After all, he had earlier disclosed, as I have mentioned, that every 100-basis-points increase in the interest rate would add $1.5 billion to the deficit. If interest rates simply froze at their November rate, an additional $4.5 billion would be added to the projected $28.6 billion deficit for fiscal year 1989-90. The situation would be even worse if interest rates continued to rise—as they did.

In November of 1988 Mr. Wilson said to Canadians: "Forget there's an election," when describing how firmly the

government intended adhering to its spending commitments. Now he is asking us to forget that there had been an election and to forget everything that he and his colleagues had said.

Of course, after the election we know that things changed, and they changed very quickly. On April 10, 1989, the Minister of Finance mounted the rostrum to call all Canadians to arms. He opened his speech at the Retail Council of Canada by saying:

> Today I want to share with you my concern for our country's future.

He went on to say that Canadians faced:

> . . . one overarching problem. That problem is the growing size of the public debt and the exploding cost of paying interest on that debt.

He then cited the dramatic rise in interest rates:

> . . . since early 1988 . . . in Canada, we have seen an increase of almost four percentage points.

Of course, he did not mention at all that those interest rates were already more than 2 percentage points higher when he was reassuring Canadians in November that all was well.

Honourable senators, two days after Mr. Wilson spoke before the Retail Council of Canada, changes to the unemployment insurance program were announced; changes that we are now examining and which the *New York Times* described as possibly foreshadowing:

> . . . a widening erosion of one of the industrial world's most generous social security systems.

Honourable senators, why were these changes necessary? We found out two weeks later when Mr. Wilson presented his budget. On page 10 of his "Fiscal Plan", the minister disclosed that:

> These higher interest rates have put upward pressure on the deficit . . . In 1989-90, (public debt charges) are now expected to be $6.4 billion higher than estimated in February 1988. Hence, program expenditures have to be reduced and taxes increased to keep the deficit on a declining trend.

Therefore, honourable senators, in this bill we have what amounts to an increase in taxes and we have a reduction in program expenditures, both at the expense of the Canadian unemployed. The cuts to the unemployment insurance program, to VIA Rail, to Official Development Assistance, to defence expenditures, and the indefinite postponement of the childcare program are all presented as measures necessary to rein in the deficit which had somehow escaped the firm grasp of the Minister of Finance and was now suddenly running amok.

Honourable senators, the question is: Was the loss of control over the deficit as sudden and as unexpected as the government would like us to believe? *The Ottawa Citizen* has been trying since March of this year to obtain Department of Finance projections on the deficit, the national debt and interest rates dating back to early 1988. Mr. Wilson has refused to release any of the documents requested, even in the face of threats of court action by the Information Commissioner, Inger Hansen. Is there any wonder that Canadians feel that they were misled in the election campaign by the Minister of Finance about the state of the nation's finances?

So, honourable senators, that is the political context and the economic context. Following the election, notwithstanding the assurances that had been given by the government, we are now faced with a major restructuring of the unemployment insurance program. Therefore, as we consider the legislation, I think it is legitimate to ask all honourable senators to recall the assurances of Mr. Crosbie, Mr. Wilson and Mr. Mulroney in October and November of last year. At that time, according to the trade minister, there were no plans to make changes to the unemployment insurance program, and stories to that effect were "complete nonsense." Well, all I have to say is that the bill before us certainly makes "complete nonsense" of Mr. Crosbie's words.

● (1500)

Though this legislation has as its genesis the battle against the deficit, I noted with interest, in his otherwise excellent remarks before the Senate on Tuesday, that Senator Bazin failed even to mention the word. He chose to focus instead on what I earlier referred to as the "smokescreen"— namely, increased funding for training programs. Senator Bazin would have us believe that this is progressive legislation and that it is inspired by the government's profound commitment to ensuring that Canadian workers and employers, through increased training opportunities, will be able to meet the challenge of a rapidly changing world economy. According to our learned colleague, "information and flexible manufacturing technologies" provide the keys "to our future prosperity."

Well, that is a commendable declaration, but what is the reality behind the declaration? The reality, as seen by past performance, is a wilful disregard by the government of the training needs of Canadian workers.

In her testimony before the legislative committee in the other place, the Minister of Employment and Immigration said, "We have more demand for training programs than we can meet." Why, I ask? Part of the answer, surely, lies in the fact that the budget for training and job creation has been substantially reduced since this government came into office. In fact, when the Honourable Warren Allmand charged in the committee that job creation and training programs had been reduced from $2.2 billion in 1984 to $1.5 billion in 1989, no one could put up any objection and no one attempted to clarify the situation. To my knowledge, and I should like to hear it, there has been no disproof of the assertion that there has been a 30 per cent decrease in funding for training and job creation under this government.

An absolute decrease of $700 million since 1984 certainly goes a long way in explaining why this government has trouble meeting demands for training programs. Senator Bazin claimed that "Canadian employers have not paid enough attention to the training needs of their employees." Well, that may be true. However, in all fairness, it should be added that the government has hardly provided an example. It has hardly

regarded training as a priority. In fact, it has taken the opposite approach.

Under this legislation now before the Senate, funds will be reallocated—that is the word the government prefers to use—funds will be reallocated so that more money will be available for training. Specifically, $230 million will go to three private-sector training schemes and another $545 million will go to four initiatives to help train the unemployed, for a total of $775 million. After cutting back funding by about $700 million, the government gives it back and calls it "A Labour Force Development Strategy for Canada."

Where will the money come from? Well, this is the real "strategy": it will come from the unemployed.

Some Hon. Senators: Shame!

Senator MacEachen: The government intends to take away from the unemployed $770 million by tightening entrance requirements and reducing the duration of UI benefits. This can only be characterized as another example of the government's determination to strengthen the mettle of disadvantaged Canadians by adding to their adversity. I should have thought that the unemployed had enough to contend with already, but there it is: the government's commitment, its profound commitment to training, paid for by the unemployed.

Under the government's new strategy, additional moneys are also being provided under such headings as parental benefits and seniors benefits, for which an additional $550 million will be allocated. Where will that money come from? The government intends to save $450 million by tightening the restrictions for workers who leave their jobs without a satisfactory explanation—they will have their waiting period increased from "one to six weeks" to "seven to twelve weeks."

The Labour Force Development Strategy, therefore, involves the transfer of approximately $1.3 billion from the unemployed to a variety of new and existing programs. However, I repeat, that money is all coming from decreased benefits to the unemployed. That is the key to the strategy.

Although this shift of funds is described in bureacratic parlance as a reallocation, it is not in fact wholly internal to the UI program. Money is, in fact, being shifted, in a sort of shell game, between the Canadian Job Strategy Fund and the UI program.

Honourable senators, one of the most troubling aspects of this bill concerns the reduction in the maximum benefit period and the increase in the variable entrance requirement. As I mentioned, these changes will free $770 million for other uses. What is of particular concern to me is that, even in those regions of the country where the unemployment rate is very high, these changes will cut back benefits and make it more difficult to obtain benefits.

The minister responsible, the Honourable Barbara McDougall, confirmed that this was indeed the case. She said:

> . . . the average loss in Newfoundland is two weeks; P.E.I., two weeks; New Brunswick, two weeks; and in Nova Scotia, it is four weeks.

[Senator MacEachen.]

She characterized this impact as "very modest." I respectfully disagree.

To reduce benefits in those parts of the country that have yet to experience fully, or even partially, Canada's economic recovery is not a policy that displays sensitivity. When combined with the reduction in funding for ACOA and the virtual dismantling of VIA Rail in my area, the message from this government becomes even more callous. I find it quite disturbing.

It has been reported that Newfoundland will lose, under this legislation, approximately $30 million in annual UI benefits. I believe that the figure for Nova Scotia is $70 million. I could be wrong on that, but it is a large figure indeed. The government counters with the claim that, in Newfoundland, it intends to replace those funds with $45 million in the form of training programs. But the fact remains that Newfoundland is to lose $30 million, which takes the form of income circulating in the economy, each year, and the government has provided no assurance that the equivalent amount of money will be restored to Newfoundland through other programs; not at all. The money saved in Newfoundland may enrich the program elsewhere, and there is no assurance that Newfoundland will be compensated through the actions of the government for the amount it has lost. Let me continue this point of a possible infusion of training funds by reading a passage from the *Globe and Mail* of October 10, 1989, postmarked Deer Lake, Newfoundland:

• (1510)

> This is supposed to be good news for Newfoundland, but it is difficult to find anyone who does not immediately say, upon hearing of this: "Training for what?" Lucrick Crane is a fisherman. His wife, Theresa, and his daughter, Connie, work in the local fish plant. They do not want to be trained; their all-consuming worry is getting enough stamps to survive the winter.

Under this bill, it would be more difficult for Lucrick Crane, Theresa and Connie to survive next winter.

To me, in any event, it appears that the ministers of the government are taking pride in this action, and they seem to be totally unaware of the circumstances of those whom they govern when they bring forward this program, push it through the House of Commons, ask us to approve it and expect us not to raise our concerns.

On Tuesday the government released its report on the new unemployment insurance regions and the Deputy Leader of the Government tabled that report in the Senate today. We will want to examine that report, because the delineation of the regions will have a bearing on the entrance requirements and the duration of claimants' benefits, since, as I understand it, both will vary according to the region in which the unemployed worker may be located. We will have an opportunity to examine that report as we deliberate on this bill. But it is interesting to observe that the report was tabled the day after the bill cleared the House of Commons so that members of the

House of Commons were denied the opportunity of having this additional information as they examined this important bill.

Honourable senators, the bill is now in the Senate. Today we set up a committee to deal with the matter, and we intend to deal with it as we deal with other bills that come before us.

The chairman of the Standing Senate Committee on Social Affairs, Science and Technology told me a couple of weeks ago that there had been an extraordinarily large number of requests from organizations throughout Canada asking to be heard. Yesterday I received a long letter from the President of the Canadian Labour Congress, asking the Senate to examine this bill and to listen carefully to the analysis that will be provided by the Congress of the impact of the passage of this bill on the workers of Canada. He asked that we carefully analyze the impact study, which they will provide, and to compare it with that of the government, and he requested that, if we find it necessary, we proceed with our own study so that we understand the impact of this legislation on the various regions of Canada.

Honourable senators, the day before that I received a letter from the Canadian Catholic Conference, asking the Senate to examine the bill and to hold hearings in the regions in an effort to understand better the impact the bill will have on the regions of Canada. I think we have to do all of that, and we are prepared to do it.

If we do our job properly, I do not see how, with my present understanding and knowledge, we can clear this bill before next year. It is now November 9 and we have set up the committee, which will soon start its work. We will hold hearings in Ottawa and, if we so decide, elsewhere in Canada. Then the committee will report to the house and it may be that changes to the bill will be recommended, and those will have to be considered in the Senate and possibly in the House of Commons. I think it would be wildly optimistic to expect that we will complete all of that by December 22, when the parliamentary calendar would call for the House of Commons to adjourn.

I am raising that point now in the expectation that we will avoid a false crisis or a false confrontation at a certain point. If we understand now that certain things have to be done which will take time, we will not be using delay as an instrument to block, delay or frustrate the bill. Whatever time is necessary we ought to take, and then the bill will be completed.

Therefore, I commend the bill to the committee. I have not spoken as much about the provisions of the bill as I will later, because I think it is important to place it in some political and economic context, a context that tells us that the Canadian people were never forewarned. The people in my province and in the Altantic never received a hint that, first, the fiscal situation was hopeless and, second, that one of the ways in which the fiscal situation would be improved would be through asking for large sums from the unemployed of Canada. We never knew that. We know it now and we have to deal with those facts as well as we can.

Honourable senators, I am sorry to have taken more time than I expected, but the bill is very important.

Some Hon. Senators: Hear, hear!

[*Translation*]

Hon. Jean Bazin: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform the Senate that if Senator Bazin speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Bazin: I do not intend to argue what was said by Senator MacEachen, especially his political analysis. In fact, Senator MacEachen gave us a political perspective and took this opportunity to describe past situations.

There are, however, a few points I would like to make. Regarding his reference to Newfoundland, I would like to point out that when changes were made in 1978, everyone in Newfoundland managed to work the additional weeks they needed to qualify.

They say it is absolutely impossible to find work in Newfoundland, and they tell the story of the fisherman and his wife.

The truth is, that since 1984, the number of jobs in Newfoundland has increased faster than the national average. Twenty-seven thousand jobs were created in Newfoundland during the past five years. Of course, there was plenty of room for improvement in Newfoundland.

If we listen to the suggestions being made on the other side and if we refuse to take a modern perspective on training qualified employees and especially on much needed co-operation between employers and employees, the situation may become hopeless.

In fact, this bill provides a foward-looking perspective on the basic needs of Canada's industrial sector and it shows how we can meet those needs.

And that is how we should judge this bill. To my knowledge, over 100 organizations, in fact, as many as 180 organizations and witnesses were heard by the committee of the other place, which travelled across Canada.

In the circumstances, I think the special committee formed by the Senate should seriously consider the harm that might be done if the bill is not passed as soon as possible. That being said, this bill should be considered carefully, not from the perspective of our global economy, closing VIA Rail and so forth, but on the basis of what is being proposed in the clauses of this legislation.

In the circumstances, I do not really want to debate the substance of this bill. I simply want to put Bill C-21 in its proper perspective. I want to put the proper perspective on the objectives being pursued by this bill.

Hon. Eymard G. Corbin: Honourable senators, would Senator Bazin agree to answer a question?

Senator Bazin: Yes.

Senator Corbin: You said that at least a hundred witnesses were heard across the country—I do not remember the exact figure. Can you tell me what proportion of them spoke against the bill as written?

Senator Bazin: Honourable senators, I do not have the precise statistic because some presentations were in between. Some said yes, they agree with eliminating age discrimination and they agree with making the bill compatible with the Charter of Rights and Freedoms, yes they agree with such-and-such a clause but not with something else. It is extremely difficult to come up with a precise figure.

Furthermore, representations from the Canadian Labour Congress were made not only by that body but by several of its member organizations throughout the country. This will no doubt come up in the committee, but it will be interesting to know how many CLC members across the country have already made representations to the Commons committee.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Bazin, bill referred to the Special Committee on Bill C-21.

• (1520)

[English]

EXCISE TAX ACT

EXCISE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-20, to amend the Excise Tax Act and the Excise Act.

He said: Honourable senators, Bill C-20 is an act that implements certain measures announced in the government's budget on April 27, 1989. These measures are a reflection of the government's commitment to address the problem of Canada's large and growing public debt. They include excise taxes and duties on tobacco products, alcohol and gasoline.

Since 1984 the government has acted to restrain government spending, to increase tax revenues, and to close tax loopholes for business and higher-income individual taxpayers. The April 1989 budget was intended to continue that spirit of restraint and to advance our progress in fiscal responsibility.

Previous budgetary measures have helped to reduce the annual deficit and to slow the growth of the national debt. The budget promised further action to ensure that the debt does not undermine our ability to maintain national social and environmental programs and to sustain our standard of living and the growth of regional economic development programs.

Budgeting actions to control the public debt have included both revenue and expenditure measures, reflecting a considerable effort to ensure a balanced approach. The government has demonstrated its concern for regional disparities, and revenue measures have been balanced among a variety of revenue sources.

These rate increases include a 1.5 percentage point increase in the general sales tax, from 12 to 13.5 per cent, effective June 1, 1989. Other sales tax rates will be increased by one percentage point. Those increases are: to 19 per cent for alcohol and tobacco products, effective April 28, 1989; to 11 per cent for telecommunications and telecommunication-programming services, effective June 1, 1989; and to 9 per cent for construction materials, effective January 1, 1990. These tax measures in total will contribute approximately $1 billion in 1989 and $2 billion in 1990 towards reduction of the deficit.

Honourable senators, it remains the policy of the government to use the tax system to provide assistance to those in need. In the February 1986 budget the government introduced the refundable sales tax credit for the benefit of low-income Canadians. When the goods and services tax comes into effect, we will be introducing a new sales tax credit which will substantially expand the current benefits, particularly for families earning less than $30,000 per year. In the meantime, the existing sales tax credit is being doubled and the threshold is being increased. Those measures will compensate taxpayers receiving the full credit for these proposed sales tax increases.

The budget bill implementing changes in the Income Tax Act will increase the refundable sales tax credit for adults from $70 to $100 in 1989, and to $140 in 1990. For children under the age of 19 the credit is being increased from $35 to $50 in 1989, and to $70 in 1990. The income threshold for the credit will be raised from $16,000 to $18,000 in 1990. A two-parent family with two children and an income up to $18,000 will receive a maximum credit of $420 in 1990.

Returning to Bill C-20, this legislation increases excise duties on cigarettes. In combination with the federal sales tax, federal levies on cigarettes are raised by $4 per carton. Levies on cigars are increased proportionately. These measures will produce additional revenues of approximately $535 million in 1989 and $770 million in 1990.

There will be a two-stage increase in excise levies on manufactured tobacco. The first, equal to $4 per 200 grams, took effect April 28, 1989. The second adds another $1.30 per 200 grams effective October 1, 1989. These higher rates for manufactured tobacco bring the levies for this product more in line with the levies on cigarettes. Besides providing much-needed government revenue, these changes in tobacco taxes complement the government's comprehensive strategy for encouraging reduced consumption of tobacco products.

Bill C-20 also contains increases in the excise taxes on gasoline and aviation gasoline. These taxes will rise by one cent per litre effective April 28, 1989, and by an additional one cent per litre on January 1, 1990. These increases will generate $250 million in additional revenue in 1989 and $660 million in 1990.

The excise tax on leaded gasoline is increased by an additional one cent per litre as of April 28, 1989. This measure is intended to help accelerate the decline in the use of leaded fuel

as we adjust to the phasing out of lead in gasoline by the end of 1990.

• (1530)

When the goods and services tax is implemented on January 1, 1991, all commercial users will be entitled to recover federal sales tax on motor vehicle fuels used for business purposes. In the meantime, the sales tax portion of the fuel tax rebate program for farmers, fishermen and other primary producers, which is scheduled to expire on December 31, 1989, will be extended for one additional year. Farmers will continue to be eligible for a sales tax rebate of 3.5 cents per litre. Other primary producers will receive sales tax rebates of 3.0 cents per litre on fuels used for off-highway production purposes.

Honourable senators, this bill also contains several technical amendments. New marking requirements are being introduced because of concerns that cigarettes are being imported illegally to avoid the payment of federal taxes and duties. Some out-of-date provisions concerning the burden of proof in offences under the Excise Act are being amended. The point of imposition of the tax on laundry detergent is being shifted from the manufacturer's level to the wholesale trade level in order to correct anomalies in the application of sales tax to these products.

I want to underline, honourable senators, the fact that this bill is an important part of the government's action to deal with the public debt as outlined in the budget. I urge honourable senators to give their full support to speedy passage of Bill C-20 through the committee and through this chamber.

Some Hon. Senators: Hear, hear!

Hon. P. Derek Lewis: Honourable senators, first I should like to congratulate Honourable Senator Balfour on an excellent explanation of this bill. He has detailed the various tax increases to be imposed, and I do not intend to dwell on the specifics of the amount of tax or the rates. However, as Senator Balfour has said, the object of this bill is to implement changes announced in the budget of last April concerning taxes and duties on tobacco products and gasoline and increases in the sales tax pending implementation of the goods and services tax.

It is said that such changes are supposed to reflect the government's commitment to deal with the problem of the substantial and increasing national debt. Senators will notice that the word used is "commitment," but that has been the word used for the last five years. Commitment is one thing, but the important word is "achievement." What, in fact, has been achieved in this respect in the last five years? The record shows that, despite all the talk, no progress has been made in dealing with the national debt or the continuing deficits. The only accomplishment of the government is the increasing taxation.

It is most unfortunate that the government has waited for so long in the economic cycle to tackle the problem it now says it is addressing. It failed to take corrective action during the period of relative prosperity; and now, when we are expecting a downturn in the economic cycle, it takes action by introducing measures for increases in taxation—the impact of which can only be expected to make the expected downturn more severe. It is obvious that the budget, of which this bill is the result, establishes a program of tax increases; whereas what was needed and expected by the public was a program of expenditure control.

What we have seen is an increased tax burden on all Canadians. We have had increases in sales taxes, long distance telephone calls, gasoline and other taxes. In addition to these, there has been the imposition and increase in the income surtax. Although there have been adjustments in personal income tax rates, we have learned from the various studies done that in fact income taxes paid by lower- and middle-income earners have increased considerably in varying degrees over the last few years.

Now, with the various tax increases proposed in this bill, the burden of taxation is to be even greater. These increases can only be regarded as regressive. They will bear more heavily on lower-income groups. They will result in higher costs for manufactured goods and transportation, thus increasing the cost of living to those whose greater proportion of income is used for these items.

The net result of these tax increases will be greater inflationary pressure. If the end result of this pressure is increased interest rates, the government will defeat its own declared purpose in deficit reduction. There will be an increase in the carrying charges on the national debt, thus contributing to larger deficits rather than a reduction; so the spiral will continue.

Another aspect of the provisions of this bill is the effect they will have on those regions of the country that are more distant from the manufacturing centres. Apart from the increased cost of manufactured goods, there will be the additional costs of transportation, which will only add to the problem of regional disparity and will penalize those living in these regions who must pay for them. They will only worsen the situation.

Apart from the provisions of the bill dealing with tax increases, in clause 8 there is a curious provision dealing with sales tax on laundry detergents. The effect of this, as I understand it, is to shift the sales tax on this product from the manufacturing to the wholesale level. I gather from government pronouncements that this is aimed at closing a tax loophole, in that, quite legitimately, some manufacturers have set up sales organizations for distribution of their products, in which case their taxes are paid at the manufacturing level and not at the wholesale level.

That may well be, but it is to be noted that the bill deals with only one product: laundry detergents. Why not all products? Why has this provision been restricted in this way, if manufacturers in many areas of production are apparently also engaged in this procedure? Why not close the loophole for all manufacturers?

I might say, honourable senators, that I am given to understand that there is only one major manufacturer of laundry detergents that has, in fact, set up such a distribution sales

organization; hence this clause would appear to be clearly discriminatory. I would strongly suggest that, if and when this bill goes to committee, this aspect of the bill be given close scrutiny and those who wish to make representations be given full opportunity to do so.

Honourable senators, the taxes to be imposed by this bill are regressive, particularly with respect to the sales tax, which has been described by the Minister of Finance himself as the "silent killer of jobs." The taxes will have an adverse effect on those least able to afford them by increasing regional disparities and inflationary pressures.

I would urge senators to give serious consideration to the implications of this bill, and I hope it will be given a thorough examination in committee.

Some Hon. Senators: Hear, hear!

Senator Balfour: Honourable senators—

The Hon. the Speaker *pro tempore:* If the Honourable Senator Balfour speaks now, his speech will have the effect of terminating the debate on the motion for second meeting of this bill.

Senator Balfour: Honourable senators, if I may briefly refer to the point about laundry detergents raised by my honourable friend, I am informed that in June 1987, in the white paper on tax reform, the government announced a number of sales tax measures pending implementation of a multistage sales tax under sales tax reform. One of these measures was the imposition of the manufacturer's sales tax at the wholesale trade level on a range of products, including laundry detergents. The purpose of the proposed change and the level of the imposition of the tax was to address disparities and anomalies in the application of tax and the bias in favour of imports.

In the February 1988 budget the minister proposed interim sales tax measures relating to marketing and distribution costs to address some of the most serious distortions of the current system and to stem the erosion of the tax base through tax avoidance mechanisms. Those proposals would have reduced significantly the tax inequities between competing goods and would have, therefore, made it unnecessary to proceed with the June 1987 proposals to shift the tax to the wholesale level. In the recent budget the minister announced that the government would not proceed with the interim measures. Given the decision to implement the new goods and services tax on January 1, 1991, and the compliance and administrative burden that the interim measures would entail, it is not now reasonable to proceed with those changes. However, the peculiar circumstances and serious anomalies in the case of laundry detergents warrant action even on an interim basis.

● (1540)

Currently, several manufacturers of laundry detergents in Canada sell their products through related marketing companies while others market their products as an integral part of their manufacturing and sales operations. Because of the substantial value added in the marketing and distributing process for these products, the integrated manufacturers have been under intense pressure to rearrange their corporate structure to reduce their sales tax liabilities. With the imposition of the sales tax at the wholesale trade level, effective January 1, 1990, the serious inequities of the current system can be substantially reduced, or so I am advised.

Honourable senators, I presume that that explanation can be more thoroughly investigated at the committee level.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Balfour, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

THIRD LATIN-AMERICAN AND CARIBBEAN MEETING OF PARLIAMENTARIANS ON ENERGY AND PETROLEUM

FOURTEENTH WORLD ENERGY CONGRESS

PARTICIPATION BY STANDING SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Hays calling the attention of the Senate to the participation by the Standing Senate Committee on Energy and Natural Resources at the Third Latin-American and Caribbean Meeting of Parliamentarians on Energy and Petroleum held in Caracas, Venezuela, and at the 14th World Energy Congress held in Montreal.—(*Honourable Senator Balfour*).

Hon. R. James Balfour: Honourable senators, I am pleased to supplement briefly the remarks of my honourable colleague, Senator Hays, on the Third Latin-American and Caribbean Meeting of Parliamentarians on Energy and Petroleum, held in Venezuela this past July 23 to 30, in three days of meetings in Caracas, and in subsequent travel to selected energy and industrial developments throughout Venezuela. Our delegation benefited greatly from this detailed look at Latin America's energy affairs.

We were both saddened and encouraged by what we learned. We were saddened that some countries of the region face energy and economic difficulties of a seemingly intractable nature. Hearing of the appalling energy situation in the Dominican Republic, a small nation carrying U.S. $4 billion in external long-term debt and in which the electrical generating system has virtually collapsed, one wondered what options such countries have for the future. At the same time, it was encouraging to see how Venezuela, for example, has invested its petro-dollars in impressive transportation systems, in industrial development, and in constructing an enormous hydroelectric facility with a generating capacity equal to that of the entire Phase I of James Bay. I for one had not fully appreciated the enormous diversity that characterizes the energy situations of the Latin American and Caribbean countries.

In the Caracas meetings we were given a detailed review of the foreign debt crisis in the region. A substantial part of that debt—almost 20 per cent of it—has been incurred in developing the energy systems of Latin American nations. Those statistics have been reproduced in part in the conference report that was tabled by Senator Hays, and I urge honourable senators to invest a little time in studying them.

Conference delegates were almost unanimous in calling for energy and economic integration in the Latin American and Caribbean region. However, this call has been sounded for years, but there seems to be an inability to move towards this goal because of the vast economic disparities among the countries of the region. It is proving extremely difficult to advance beyond the political discussion of integration to technical discussions of how economic integration can actually be achieved.

One delegate advanced the idea that Latin American nations have an inherent "structure of backwardness"—an inability to overcome domestic structural problems that result in a corresponding inability to cooperate internationally.

Although most of the delegates seemed prepared to acknowledge in an intellectual sense that Latin American integration is ultimately necessary for national survival, there was little indication that the path by which this would be achieved has been discovered, or that some countries of the region would be willing to travel it, given their widely varying political philosophies.

It was also sobering to learn of the extent to which natural disasters and terrorist activities compound the problems of some Latin American countries. For example, the 1987 earthquake in Ecuador severed the Trans-Andean pipeline carrying crude oil from the oil fields of the interior to coastal shipping points. Despite the fact that a Colombian pipeline partially served to offset the loss of transmission capacity, that earthquake cost the economy of Ecuador an estimated $766 million U.S., arising from the disrupted internal oil supply and lost export earnings.

A Colombian delegate stated that there had been 109 guerilla attacks on oil pipelines in his country since 1986, including 25 disruptions in the first half of this year.

The Colombian electrical transmission system is frequently bombed. He observed that these attacks were causing economic, social and environmental damage and were a serious threat to the viability of his country.

Following the formal meetings in Caracas, delegates were taken to several energy and industrial developments in Venezuela. For a western Canadian, it was particularly interesting to see the thousands of producing oil wells in Lake Maracaibo. One of these wells has been in continuous production for 75 years.

Although the original discoveries at Lake Maracaibo were of heavy oil deposits, deeper drilling has recently revealed extensive underlying reservoirs of light crude oil. This discovery has rejuvenated the light crude side of Venezuela's petroleum industry, leading to greater production capacity and a better mix of crude oil exports. Venezuela has huge reserves of heavy crude oil that present production problems similar to those experienced in western Canada with its bitumen resources. Canada and Venezuela have cooperated in studying better ways of exploiting these heavy oil deposits.

Our visit to Lake Maracaibo was followed by an inspection of the Raul Leoni Hydro-Electric Generating Station at the Guri Dam, constructed on a tributary of the Orinoco River. This station has a generating capacity of 10,300 megawatts, greater than any other facility in the world today and twice as large as the generating capacity at our own Churchill Falls. Canada supplied the sophisticated control system used to operate this hydroelectric station.

Power from the Guri Dam is used primarily to operate the Venalum aluminum smelter. Venalum, the largest aluminum smelter in South America, is located close to the new industrial city of Ciudad Guayana. With its access to ocean-going shipping on the Orinoco River, Venalum is in the process of becoming a major aluminum exporting company, with Japan as its principal customer.

Venalum is supplied with bauxite mined in the Territory of Amazonas and is barged 600 kilometres down the Orinoco River. Venalum officials claim that this combination of abundant hydroelectric resources, river transport of bauxite and access to ocean-going shipping for product export is the most economically advantageous of any aluminum producer in the world.

Honourable senators, the participation of the Senate delegation at the Third Latin-American and Caribbean Meeting of Parliamentarians on Energy and Petroleum provided a unique opportunity to acquire information about the energy affairs of this important region of the world. It has broadened the thinking of the Standing Senate Committee on Energy and Natural Resources and it has provided new contacts for the committee to develop in its future energy deliberations.

I believe that Senate participation in the Venezuelan conference was also important in signalling to our parliamentary counterparts in Latin America and the Caribbean that Canada is concerned about their problems and interested in their future.

• (1550)

On motion of Senator Balfour, for Senator Hastings, debate adjourned.

AGRICULTURE AND FORESTRY

COMMITTEE AUTHORIZED TO UNDERTAKE STUDY

Hon. Joyce Fairbairn, for Hon. Efstathios William Barootes, pursuant to notice of Tuesday, November 7, 1989, moved:

> That the Standing Senate Committee on Agriculture and Forestry be authorized to undertake an urgent study, up-dating its special study on Farm Finance of 1987-88, to consider the degree to which existing government

policy and programs are responding to the continuing difficulties of Canadian farmers; and

That the Committee present its report to the Senate no later than December 20th, 1989.

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

Hon. Senators: Agreed.

Motion agreed to.

UNEMPLOYMENT INSURANCE ACT

EMPLOYMENT AND IMMIGRATION DEPARTMENT AND COMMISSION ACT

MEMBERSHIP OF SPECIAL COMMITTEE ON BILL C-21

Leave having been given to revert to Notices of Motions:

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

That, notwithstanding Rule 66(1)(*b*), the Honourable Senators Barootes, Bazin, Bonnell, Cools, Gigantès, Macquarrie, Robertson, Thériault, and Turner act as members of the Special Committee of the Senate on Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act.

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

Hon. Senators: Agreed.

Motion agreed to.

ADJOURNMENT

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

That, when the Senate adjourns today, it do stand adjourned until Tuesday, 21st November, 1989, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, November 21, 1989, at 2 p.m.

THE SENATE

Tuesday, November 21, 1989

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

Prayers.

COPYRIGHT ACT

BILL TO AMEND—FIRST READING

Hon. Lorna Marsden presented Bill S-8, to amend the Copyright Act.

Bill read first time.

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill be read the second time?

On motion of Senator Marsden, bill placed on the Orders of the Day for second reading on Thursday next, November 23, 1989.

Motion agreed to.

SENATE REFORM

NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday next, November 23, 1989, I will call the attention of the Senate to Senate reform.

CANADA-EUROPE PARLIAMENTARY ASSOCIATION

VISIT TO HUNGARY, CZECHOSLOVAKIA AND POLAND, SEPTEMBER 17-27, 1989—NOTICE OF INQUIRY

Hon. Lorna Marsden: Honourable senators, I give notice that on Wednesday next, November 22, 1989, I will call the attention of the Senate to the Parliamentary visit of the Canada-Europe Parliamentary Association to Hungary, Czechoslovakia and Poland from September 17 to 27, 1989.

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 28th November, 1989, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Doody: Honourable senators, if I may, I want to inform the Senate of the reasoning behind this adjournment.

The other place has no legislation ready to send us and we will not be receiving any this week. The legislation we have received has been sent to Senate committees and is under study. The Standing Senate Committee on Agriculture and Forestry is currently studying Bill C-29, to establish the Department of Forestry; the Standing Senate Committee on Social Affairs, Science and Technology is dealing with Bill C-3, and is, I believe, in the process of preparing a report for the Senate; the Standing Senate Committee on Banking, Trade and Commerce is studying Bill C-20, to amend the Excise Tax Act; the Standing Senate Committee on National Finance has before it Supplementary Estimates (B); and the Special Senate Committee on Bill C-21, to amend the Unemployment Insurance Act, is to hold an organization meeting to prepare for its study of that bill. The Standing Committee on Standing Rules and Orders and the Standing Committee on Internal Economy, Budgets and Administration both have meetings scheduled for this week.

With that busy schedule, I think it would be just as well for the Senate not to sit. That would allow Senate committees to take advantage of the time available and perhaps hold some extra meetings to try to move that agenda along.

I simply commend that workload to honourable senators and ask that the Senate adjourn until Tuesday next.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

THE CONSTITUTION

MEECH LAKE ACCORD—PURPOSE OF GOVERNMENT LEADER'S CONSULTATIONS WITH FIRST MINISTERS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, can the Leader of the Government in the Senate answer a question arising from the recent federal-provincial conference on the economy, which turned, to some extent, into a discussion of the Meech Lake Accord?

I understood from the Prime Minister that he had asked the Leader of the Government in the Senate to conduct a round of consultations with provincial premiers, having in mind that at some future time there might be a further meeting of first

ministers. Can the Leader of the Government clarify the purpose of such a round of consultations at the present time, in view of what appear to be the very rigid positions taken by ministers on both sides of the question? Is it to seek further clarification of the views of the respective parties or is it to determine whether there could be common ground found among first ministers?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I can do no better than to quote from the communiqué issued by the first ministers a week ago, Friday, in which they described the purpose of my meetings as being to explore the possibility of movement on the Meech Lake Accord.

The honourable senator will be aware that the Meech Lake Accord itself has the support of and has been ratified by the federal government and the legislatures of eight provinces, although one of them is now determined to reconsider the matter.

In addition, there are three sets of proposals on the table: one from the task force that reported in Manitoba; another from the legislative committee in New Brunswick; and a third from the government of Newfoundland. My purpose initially would be to see what the possibilities are of finding common ground or of narrowing the agenda as among those three provinces, and narrowing it in a way that would make it possible to achieve unanimity, which is what we will need to solve this problem.

• (1410)

Senator MacEachen: When the Leader of the Government uses the word "movement", which he takes from the communiqué, are we to conclude that his explorations, for example, with the Premier of Quebec will be to ascertain whether there is any movement in the Quebec position, or whether the Government of Quebec might be prepared, under certain circumstances, to move even slightly towards the views taken by any of the three dissenting premiers?

Senator Murray: Well, no, honourable senators. The initial goal of my consultations will be to see if there is a way of accommodating the divergent positions of Newfoundland, New Brunswick and Manitoba. As I say, that would require unanimous consent.

Senator Frith: You hope everything else holds still.

Senator Murray: I certainly think it would be quite premature to ask Quebec to put water in its wine or to ask other provinces to make any changes. The central gap now is among the three provinces of Newfoundland, Manitoba and New Brunswick. It is not between them and the signatories. So I would expect initially to meet with the premiers of those three provinces; then I will review progress, if any, and see where we go from there.

Senator MacEachen: So I take it that the word "movement" is to be applied exclusively to the three dissenting premiers and that there will be no exploration of a change in position of anyone other than the three dissenting premiers, exploring whether they are willing either to move closer together or to abandon their positions and to move entirely towards the signatories. Am I correct or have I missed something in the explanation?

Senator Murray: Honourable senators, as I say, in addition to the Meech Lake Accord, which still has the support of seven provinces and the federal government, there are three sets of proposals on the table. I do not think it would contribute very much to the search for a solution to try to put a fourth proposal or set of proposals on the table. So, initially, as I say, I think the logical way to proceed is for me to consult with the three holdout provinces, if I may call them that, with a view to seeing what areas of agreement exist among those provinces, what common ground can be found among those provinces, and whether it is possible to narrow the agenda.

Senator MacEachen: Does that mean that the consultations will be confined exclusively to the three holdouts, as the minister calls them?

Senator Murray: No, not at all, honourable senators. I would expect to consult with all of the other provinces.

Senator MacEachen: Well, what would the purpose of that consultation be? To pat them on the back or shake hands with them? If you are not exploring any movement, what is it? To get together to strengthen each other?

Senator Murray: Well, I will not know what there is to report or discuss with the others until I have met with the three holdout provinces. There is also, as the honourable senator will have observed from reading the communiqué, the matter of intensifying and seeking to accelerate the process of meaningful Senate reform. So I will be asking for the views of the provinces on that matter as well.

Senator MacEachen: As I understand the situation, the minister will be going to the three dissenting provinces to find out whether there is any common ground and then he will report that to the signatories. May I ask the minister what he meant when he used the word—at least he is reported to have used the word—"negotiation"? Is there a negotiation? And what did he mean when he used the word "negotiation" with respect to the situation, particularly following the report of the Manitoba committee?

Senator Murray: I am sorry, I do not understand the reference the honourable senator has made to the report of the Manitoba committee. If I used the word "negotiation", as I may well have, it would overstate the process that I have now embarked upon, which is one of consultation and discussion rather than negotiation.

Senator MacEachen: I do remember that following the report of the Manitoba committee the minister was reported to have said that we are now in a stage of negotiation, or we are proposing to negotiate. I gather that is not what he had in mind. He has told us today what he really had in mind, and what has come out of the federal-provincial conference is not really very much. It is virtually no solution to the impasse that

has developed, and it would appear to me that there is much more required at the moment than simply going back to the three dissenting premiers to have their views restated and then to advise the signatories of what is obviously already known. But I will not follow up on that.

SENATE REFORM—ACCELERATION OR FACILITATION OF PROCESS

Hon. Allan J. MacEachen (Leader of the Opposition): Would the minister tell us what all this means about accelerating or facilitating the process of Senate reform? In general, may I ask that question and may I ask whether either the Premier of Quebec or the Premier of Ontario has stated any willingness to consider the proposals of the Premier of Alberta with respect to Senate reform?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not think I can speak for the Government of Ontario or that of Quebec. Both governments, through their ministers, have met with the Alberta minister and with the Alberta Task Force on Senate Reform within recent months. As the honourable senator will recall, I had a consultation with the provinces some months ago.

The phrase "to intensify and seek to accelerate the process of meaningful Senate reform" comes from the communiqué that the first ministers issued. In my consultations I will be asking them what ideas they might have to improve and increase the chances of success of a first ministers' conference on Senate reform, which, if Meech Lake is ratified or proclaimed, would be held on November 1, 1990, in western Canada.

• (1420)

MEECH LAKE ACCORD—SENATE REFORM AS AGENDA ITEM AT NEXT FIRST MINISTERS' CONFERENCE

Hon. Allan J. MacEachen (Leader of the Opposition): I understand that the first ministers have agreed to meet again following the consultations, but that there is no specific date for a future meeting of the first ministers. What I wanted to ask was this: If there is a proposed further first ministers' meeting on the Meech Lake Accord for which a date has been set or an intention declared, has any consideration been given to the question of Senate reform? Has either the Premier of Quebec or the Premier of Ontario agreed to put Senate reform on the agenda of the next first ministers' conference if it is set to occur before June?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, again, I should not try to speak for the Government of Quebec or for that of Ontario. However, if only as a practical matter, I think that most of us would agree that successfully negotiating an amendment to the Constitution having to do with Senate reform is a fairly hopeless task until the Meech Lake Accord is ratified and ten provinces are prepared to negotiate.

If I am not mistaken, the Premier of Quebec indicated in his news conference following the first ministers' conference that he would not be prepared to enter into a formal negotiation on Senate reform prior to the ratification of Meech Lake. But, as I say, it is for him and for Premier Peterson to speak for their respective governments.

With regard to a further first ministers' meeting on the Meech Lake Accord, as I read the communiqué there is no commitment to such a meeting. Paragraph 4 of that communiqué reads as follows:

> If progress is deemed appropriate on the provisions of the Meech Lake Accord, a further meeting of first ministers will be convened by the Prime Minister to deal with this matter.

MEECH LAKE ACCORD—DECISION OF PREMIER OF NEWFOUNDLAND ON RESCISSION

Hon. Allan J. MacEachen (Leader of the Opposition): I have one further question: What deal was made among the first ministers that resulted in the decision of the Premier of Newfoundland not to proceed immediately with the rescinding of the Meech Lake Accord?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, again my friend is asking me to explain the position or the thinking, if you like, of various first ministers. As I read the comments of Premier Wells, his concern was that Manitoba and New Brunswick might agree to ratify Meech Lake and that, suddenly, there might be a proclamation before he had had an opportunity to seek the views of the present legislature of Newfoundland on the matter. On receiving assurances that that would not happen in that way, the Premier of Newfoundland agreed not to move immediately to rescind the resolution that the previous Newfoundland legislature had passed.

SENATE REFORM—GOVERNMENT'S PROMOTION OF CONCEPT OF ELECTED SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question on the activity planned by the Leader of the Government on the subject of Senate reform. The government is formally in favour of an elected Senate. I was present at a conference at the University of Alberta when the Leader of the Government announced the government's policy on that question. I have three questions arising out of that. I will put them one at a time.

The first question is: During these conferences with the provincial premiers on the subject of, as he put it, "meaningful Senate reform," will he be actively promoting the government's policy to implement a change in the Constitution to provide for an elected Senate?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think it is an important element. It should be an important element in their considerations, and I will draw

their attention to the position I have stated on behalf of the government on that matter. As I say, my aim will be to improve and increase the chances of success of a first ministers' conference on Senate reform, which would be held after ratification of Meech Lake in November of next year.

Senator Frith: Will he be promoting the concept of an elected Senate?

Senator Murray: Not only the concept of an elected Senate, honourable senators; as my friend will recall, I also took the occasion, on behalf of the federal government, to express the view that the present Senate seat distribution is unacceptable and that the reformed Senate should have the means to ensure that regional interests figure more prominently in national decision-making while preserving the accountability of the government to the House of Commons in our parliamentary system. I can place all of that before them and perhaps give them a copy of my speech. I think our position is an important indicator of the leadership we are prepared to take on this matter at the appropriate time, and it should be encouraging to all of those who are interested in Senate reform.

SENATE REFORM—REFINEMENT OF GOVERNMENT'S POSITION ON ELECTED SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, that naturally leads to the second question I wanted to ask. Has the government in any way refined its position on how an elected Senate is to be created? For example, what would be the method of election? Is there any further detail about its position on distribution and whether or not it supports a Triple-E Senate? If so, would the Leader of the Government bring forward to us any advances that have been made since the speech was made in Alberta.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, we have not come to any conclusion on those matters as yet. I assure the honourable senator we will be ready at the latest by November 1, 1990. In the meantime we have the benefit of the various studies that have been done by the committees of this place, by joint committees of this place and the House of Commons, by other committees, and by the Macdonald Commission and the Alberta Senate Task Force. Various studies have been done, including the Alberta Senate Task Force Report. So we do not lack for documentation to study as we move towards a definitive policy on these matters.

SENATE REFORM—POSITION OF PROVINCIAL PREMIERS ON ELECTED SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): The third question I want to ask the Leader of the Government is: In view of the fact, in my opinion, that an elected Senate will significantly reduce the national political importance and influence of provincial premiers, can he give us a box score on how the provincial premiers line up on the question of an elected Senate?

[Senator Murray.]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am not sure that I or the provincial premiers would accept the premise of the honourable senator's question.

Senator Frith: They will see.

Senator Murray: Having said that, when I did a consultation some months ago on this matter I discovered that the governments of the four western provinces were committed in principle to the Triple-E Senate proposed by Alberta, and that New Brunswick had indicated a real interest in it, but was not prepared to go as far as the four western governments.

Senator Frith: We are not speaking of just an elected but of a Triple-E Senate.

Senator Murray: Yes.

Prince Edward Island had an entirely different approach, which Premier Ghiz had made public some time ago. Their approach was for a Senate whose members would be entirely appointed by the provincial governments.

At that stage, Nova Scotia and Newfoundland did not have definitive positions. My honourable friend will have observed that the new Government of Newfoundland, the Wells government, is committed at least to the principle, if not to the detail, of a Triple-E Senate.

• (1430)

Senator MacEachen: Nova Scotia is waiting for action!

CONSULTATION WITH TERRITORIAL GOVERNMENTS ON AMENDMENT NEGOTIATIONS

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government in the Senate. I listened carefully to his comments with great interest. On seven or eight occasions I heard him mention the words "provincial" and "provinces," yet I have not once heard him say anything about the territories.

Here we go again. You will be discussing something that will seriously affect us. Obviously, you will discuss it with the premiers. Are we expected to send our submissions to the Premier of British Columbia, for example, so that he can tell you what we are thinking, or will you go to the territories and ask the people of the north?

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I must deal with the reality that exists. That reality is that ten provinces and the federal Parliament are part of the amending formula. As far as the territories are concerned, I had the pleasure of having a brief conversation with the Leader of the Government of the Northwest Territories, Mr. Patterson, during the first ministers' conference. He has been in touch with me since and has indicated an interest in meeting with me at some point during the tour I am undertaking. I indicated to him informally that I would be glad to do so. Of course, the same offer would be extended to our friends in the

Yukon. I spoke on the telephone some time ago with the Leader of the Government of the Yukon and I have corresponded with him on matters of mutual interest.

With regard to this process, the reality is that I am trying to narrow the agenda and to find common ground among the provinces—in particular, among the provinces of Newfoundland, New Brunswick and Manitoba. But that does not exclude the Government of the Northwest Territories and the Government of the Yukon. Indeed, I would welcome the opportunity to meet at some mutually convenient time with the Leaders of the Governments in the Northwest Territories and the Yukon.

Senator Lucier: Honourable senators, the reality that exists is that there are some Canadians who live north of the 60th parallel who are entitled to have an input into any changes in the Constitution that will affect them.

Senator Perrault: Hear, hear!

Senator Lucier: You are talking about an elected Senate, seat distribution and regional interests. These are things that affect the people of the Yukon and the people of the Northwest Territories. How can you discuss this with a bunch of premiers and impose something on us again, as you did with Meech Lake?

Meech Lake was a stupid mistake. Why do you repeat it? Why don't you bring the people from the two territories in and discuss it with them, have input from them? Why not go to the territories, if you are going to the provinces? Why don't you treat everyone the same? We are all Canadians. We are all the same.

Senator Murray: Honourable senators, I wish the honourable senator had had it in his vocabulary, during the long years when his own party was in power, to criticize them for excluding, as they so often did, the territorial governments. He has to agree that the governments of the Northwest Territories and the Yukon have been included to a greater extent than ever before in intergovernmental negotiations and discussions, including first ministers' conferences and other federal-provincial conferences. He will also agree, because he knows it to be a fact, that the devolution and delegation of province-like responsibilities to those governments has been proceeding at a very satisfactory pace for all concerned. The problem with the honourable senator is that his rhetoric has not caught up to the reality of the 1989 situation.

Senator Lucier: I should like to say to the Leader of the Government in the Senate that, if he went back and checked, he would find that each time in the past he has used that little story about the progress that has been made I have agreed with him; I have said that his government has done a very good job in many areas, including the north, respecting matters that have taken place in the last few years. I have agreed with that and I have complimented him on it.

However, what I have also said is that we are at the next stage, and to exclude us now from the very constitutional negotiations that have such a serious effect on us serves to undo all of the good work that has been done. The Leader of the Government in the Senate does not seem to understand that. There is no point in inviting the elected officials of the north to a conference on health and then excluding them from conferences dealing with the Constitution.

What I am saying is that if you intend to carry out measures that will have an effect on the north, and Meech Lake will obviously have a serious effect on us, then you should have the decency to invite us to be present at the initial negotiations, and not expect us simply to approve an agreement that you make with someone else.

EXTENSION OF PROVINCES' NORTHERN FRONTIERS

Hon. Raymond J. Perrault: I have a supplementary question for the Leader of the Government in the Senate. I want to ask him whether, at any point during his mandate as the designated Minister of State for Federal-Provincial Relations, there has been any discussion with any one of the provincial governments with respect to the question of their northern frontiers and how far those frontiers could, at some point in the future, be extended.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the short answer to that question is no. Let me add to it that, at Meech Lake, the amending formula which we agreed upon provides an added measure of protection for the territories in that it would take unanimous consent to extend any provincial boundaries into the territories.

Senator Lucier: That kind of expansion we can live without, thank you.

CANADA-UNITED STATES FREE TRADE AGREEMENT

HIRING OF CONSULTANTS TO MONITOR EFFECT ON ECONOMY—LACK OF ADEQUATE INDICATORS—NATURE OF CRITERIA

Hon. Philippe Deane Gigantès: Honourable senators, I have a question for the Leader of the Government in the Senate. I should like to ask why his administration has hired the firm Informetrica to develop, as they have described it, a kind of thermometer which will enable the Minister of International Trade to know how the Free Trade Agreement is affecting the Canadian economy.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my information is that Informetrica has been awarded a contract by the Department of External Affairs and the Department of International Trade to provide an independent view as to what are the suitable indicators of FTA economic impact and when they can be realistically measured. The feasibility study will serve as a valuable input in planning the government's long-term FTA monitoring needs over the ten-year phase-in period and will provide a neutral point of reference for assessing the FTA.

The government is doing its homework in monitoring FTA implementation and impact based on best available data, and the Informetrica study is part of this effort.

Senator Gigantès: Does that mean, sir, that previously you did not have adequate indicators?

Senator Murray: No, honourable senators, not at all. I indicated to the honourable senator what the purpose of the contract was. It is to provide a neutral point of reference for assessing the FTA. One hears the distortions and attacks on the FTA from various sources, especially in Parliament, and one despairs of getting a neutral point of view here in this chamber. Therefore, we are calling upon Informetrica to assist us in monitoring the implementation of the FTA in a way that I think should commend itself to my honourable friend and others who are interested.

Senator Gigantès: So there were two kinds of criteria: the neutral ones that you are looking for and partisan ones. Is the honourable Leader of the Government in the Senate saying that, therefore, only our side had partisan criteria and that his side had neutral criteria? If so, why does the government now go seeking more neutral criteria when it already has them?

May I have an answer, because we spent the whole of the election campaign on free trade with the honourable senator's side enumerating the number of jobs that would be created? Since that campaign we have been told that it is impossible to tell whether a job has been gained or lost because of the FTA; that it is too difficult. The government has now hired Informetrica to give it that kind of material to be able to do so. So what the government was saying before was not accurate, if it must hire Informetrica now. It has misled the people.

● (1440)

Senator Murray: Honourable senators, let me suggest to the honourable senator that since December of last year some 200,000 new jobs have been created in this country.

Senator Guay: How many have been lost?

Senator Murray: Secondly, the increase in capital investment expected this year by all the qualified forecasters indicates an enormous confidence on the part of the business community in expanding its operations, largely in order to take advantage of free trade in the future. I can put these facts before the Senate and I can bring in the statistics to support them, but I should have thought that honourable senators and others would be more impressed with what might be called a neutral source, a neutral point of reference for assessing the FTA. I should have thought that the honourable senator would welcome what is being done here. Informetrica will be consulting with technical experts in the various think tanks, government and academia to ascertain their views on the appropriate impact indicators and time frames for analyzing the FTA. As the honourable senator knows, the agreement is being phased in over a ten-year period. It is expected that the study by Informetrica will be completed very shortly, and after we have had an opportunity to examine it we will be glad to share it.

Senator Gigantès: Honourable senators, the Leader of the Government seems to be saying that the government needs criteria for judging, that it needs measurements or techniques for measuring the impact of the FTA. If the government needs them, it means that it does not have them. If it already has them, then it is a waste of money to hire someone to develop them. If the government does not have them and therefore needs them, then, when it was telling us, as the Leader of the Government just told us, that it was making a link between the number of jobs created and the FTA, it was misleading us.

Senator Murray: Honourable senators, it is one thing to be reactionary, as the honourable senator is; it is another thing to be opposed to all forms of organized knowledge.

Senator Perrault: Shame!

An Hon. Senator: Come on!

Some Hon. Senators: Oh, oh!

Senator Gigantès: If the honourable senator were not playing the *gallinaceus pyctes* of the *gallus gallus* variety every time he got up, but answered the questions properly using some logic instead of hectoring, we might proceed a little further.

THE CONSTITUTION

SENATE REFORM—VIEWS OF PREMIERS OF ONTARIO AND QUEBEC

Hon. David A. Croll: Honourable senators, in the Leader of the Government's replies to questions asked by my leader, I think he left one question unanswered. I believe Senator MacEachen asked whether the Premier of Ontario and the Premier of Quebec had indicated their views on Senate reform. I do not think that question was answered.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the answer is: no.

EL SALVADOR

MURDER OF SIX JESUIT PRIESTS AND TWO WOMEN—GOVERNMENT ACTION—REPRESENTATIONS TO ORGANIZATION OF AMERICAN STATES—GOVERNMENT POSITION ON UNITED STATES POLICY

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate that has nothing at all to do with free trade. I wonder whether the Leader of the Government in the Senate can tell the house and the people of the country what position his government has taken with regard to the murder of the six priests and two women over the weekend in El Salvador.

Senator Perrault: We are now members of the Organization of American States.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my colleague, the Secretary of State for External Affairs, has condemned in the strongest terms the brutal slayings of members of the Jesuit community and the harassment of religious and social workers as unacceptable. The letter written by the Salvadoran Attorney General to the Pope asking for withdrawal of bishops for their own protection is, in

a period of such a crisis, not only inappropriate but inflammatory. Following the release Friday of the Canadian Lutheran pastor, Mr. Clark called on the Salvadoran authorities to ensure the safety and integrity of the church and social workers.

Senator Thériault: Honourable senators, that is fine, but I should have thought that perhaps the Leader of the Government in the Senate would tell us whether the government had used its membership, or proposed membership, in the Organization of American States to put pressure on the Government of El Salvador—

Senator Perrault: Hear, hear!

Senator Thériault: —and whether the Secretary of State for External Affairs or the Prime Minister had been in contact with President Bush of the United States to make known the feelings of the Government of Canada as they were expressed by the Secretary of State for External Affairs—namely, that the Government of Canada disagrees totally and completely with the position taken by President Bush in this matter.

Senator Murray: Honourable senators, as a matter of fact, our permanent observer to the Organization of American States met with the Secretary General of that body and offered all possible assistance in his efforts to secure at least a truce in order to allow the Red Cross to help civilian casualties of the fighting. Our officials are now in San Salvador and are planning to meet, as soon as possible, the Secretary General who arrived in El Salvador on Sunday.

Senator Thériault: Honourable senators, the Leader of the Government in the Senate has not answered my question on Canada's position vis-à-vis President Bush. I ask him further: Has the Government of Canada demanded or requested an inquiry into who is responsible for those murders?

Senator Murray: Honourable senators, we have expressed our deep concern about the events in El Salvador. I am unclear as to what it is that the honourable senator wants us to protest to President Bush.

Senator Thériault: Honourable senators, I am referring to President Bush's support for the government in El Salvador when he does not know who is responsible for those murders. Last night President Bush said, "Yes, we are supporting the Government of El Salvador." In spite of that statement, does the Government of Canada not have the freedom to extend to President Bush its feelings on El Salvador, even though they may not be the same as those of the United States? According to what the Leader of the Government has just stated, the Secretary of State for External Affairs has indicated that we regret the situation. Everyone knows that the Government of the United States is supplying the Government of El Salvador with millions of dollars daily to make it possible for that government to stay in power. Because of what has happened in that country to date, and especially over the weekend, would it not be proper for the Government of Canada to make its views known to the President of the United States, to tell President Bush that we disagree with what is happening in El Salvador?

Senator Murray: Honourable senators, the opposition of the Government of Canada, and I think it is proper to say the opposition of Canada, to outside interference in the affairs of those countries is one of long standing and is well known publicly. I should have thought the honourable senator would have acknowledged it.

• (1450)

Senator Thériault: The Leader of the Government himself stated what the position of the government was over the weekend. He said that he regretted it. This is not interfering with the internal affairs of the country. Some countries have withdrawn their ambassadors and some countries are asking for inquiries to determine whether the government was responsible for these murders. Is the government of El Salvador responsible or is it not? May we ask those questions?

Senator Murray: Honourable senators, obviously, I did not make myself clear when I spoke about outside interference.

The opposition of the Government of Canada to interference by other countries, whether it be by supplying arms or whatever to those countries, is a matter of long standing and is well known. That is the point I was making to the honourable senator, who asks whether someone has called President Bush to tell him that we do not agree with something he is supposed to have said, or which the honourable senator heard him say last night on television.

Our position with regard to outside interference by other countries in the affairs of El Salvador and its neighbours is a matter of long standing and is well known.

Senator Thériault: Honourable senators, the Leader of the Government in the Senate can be as smart-aleck as he likes. I did not suggest that anyone call President Bush. What I am suggesting is that as soon as we join the Organization of American States we will become the puppet of the American government.

Senator Murray: Is that your position?

Senator Thériault: We do not even stand up and say that we believe something is wrong.

Senator Murray: What is wrong?

Senator Thériault: Killing those people. I am referring to the killing of a university president and murdering people in the middle of the night.

Senator Murray: I just read Mr. Clark's statement to you.

Senator Thériault: The Leader of the Government knows what is wrong. This government is so much under the influence of the American government that it cannot express the feelings of this country.

[*Translation*]

THE CONSTITUTION

SENATE REFORM—DISTRIBUTION OF QUEBEC SENATE SEATS

Hon. Maurice Riel: Honourable senators, I have two short questions for the Leader of the Government in the Senate.

You mentioned that a number of provincial premiers wanted an elected Senate. I understood from your answer to Senator Croll that you had received no feedback from the Quebec and Ontario premiers. I believe your answer was no, you had received no feedback.

My point is: when the talks and discussions were going on about the Meech Lake Accord, were there any discussions about the duties and powers that an elected Senate might have under an amended Constitution? If so, is there a record of these discussions? That is my first question.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the premiers did not give thorough consideration to the issue of Senate reform, either at Meech Lake or last Friday in Ottawa.

Senator Riel: Thank you. My second question is about the distribution of Senate seats.

If I am not mistaken, you mentioned that in some areas of the country people maintain, and I think you agree, that the present unequal distribution of Senate seats among the provinces is unsatisfactory.

I understand that the present government is in favour of changing the distribution of Senate seats. I wonder whether, considering Quebec, the distinct society principle and the Quebec situation which has been very much in the news lately, the government feels it would be wise to reduce or increase the number of Senate seats for the province of Quebec.

Senator Murray: Honourable senators, obviously, this is a point that will have to be raised during talks on Senate reform, talks that will not take place until after the Meech Lake Accord is ratified.

Senator Riel: So we cannot find out before the Meech Lake Accord is ratified whether Quebec's seats will be increased or reduced to reflect the distinct society principle. That will come later.

My point is, however, and I wish people would remember, that the Canadian Senate was created and established to reflect the opposition to Confederation that existed in Quebec. That is why it was agreed to have a Senate with one third of the members from Quebec, one third from Ontario and one third from the Maritimes. Seats distributed since then do not reflect representation by population but a form of protection given to certain parts of the country.

I think this principle must be maintained, and in fact the present government is taking the same approach with the distinct society clause it has been promoting.

[*English*]

EASTERN EUROPE

DEMAND FOR CONSUMER GOODS—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, can the Leader of the Government in the Senate tell us what has been the Government of Canada's response to requests that have come as a result of the significant changes in eastern Europe for some consumer goods, particularly food products? There is a view that perestroika may not succeed unless some assistance is given by western countries to supply some consumer goods, particularly food, for the coming winter.

We do have some surplus supplies of pork products as a result of certain action taken by the United States. Has the government responded favourably to these requests in a volume that will make a significant difference in food supplies to some of these countries?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask for a prepared report on the matters raised by the honourable senator and bring it in as soon as possible.

CANADA-U.S.S.R. RELATIONS

PRIME MINISTER'S VISIT TO SOVIET UNION—AVAILABILITY OF GRAIN MARKETS

Hon. Hazen Argue: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate relating to the Prime Minister's important visit to the Soviet Union.

Would the minister be in a position to say whether within the body of people with the Prime Minister there are representatives of, spokesmen for, or officials interested in grain markets for Canada? That is the first part of my question.

The second part of the question is: In the 200 business firms which were either represented or, I believe, went to the Soviet Union just ahead of the Prime Minister's arrival, were there components of the grain industry?

● (1500)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall have to make inquiries as to the question raised by the honourable senator. I take advantage of the opportunity, however, to remind him and other honourable senators that a very important visit to the Soviet Union was made within recent months by the Deputy Prime Minister and Minister of Agriculture, Mr. Mazankowski.

Senator Argue: After the recent policy paper on projections, I am not too certain in my own mind how useful that might have been, but, in any event, I think it is important that the government and ministers and officials keep on promoting trade with the Soviet Union and that they endeavour to answer some of the concerns there, which I believe are being addressed at least to some extent, about increasing our purchases from that country.

INTERNATIONAL TRADE

SALE OF U.S. BARLEY TO SAUDI ARABIA—SALE OF WHEAT BY SAUDI ARABIA

Hon. Hazen Argue: I have another question I should like to ask, and this has to do with a report from Reuters of a sale from the United States of 50,000 tonnes of U.S. barley for

which, under EEP, a subsidy of $14.09 per tonne is being provided. This barley is going, of all places, to Saudi Arabia.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Well, honourable senators, I presume I am being asked to confirm or to comment on the report.

Senator Argue: Yes.

Senator Murray: I regret I am not in a position to do so at the moment but I shall ask for a report.

Senator Argue: If the leader could come back with a report later, I would appreciate it. While he is doing that, would he care to have the officials or the government comment on a further part of this report which states that Saudi Arabia has sold two million tonnes of wheat with a component subsidy of $560 per tonne? In other words, the question really is: What is the basis of the reasoning of the United States providing a subsidy to a country as wealthy as Saudi Arabia, when Saudi Arabia is, in fact, endeavouring to capture wheat markets with huge subsidies from their treasury?

Senator Murray: Honourable senators, I shall make inquiries and ascertain what comments, if any, my colleague wishes to make on that matter at this time.

CANADA-UNITED STATES FREE TRADE AGREEMENT

MONITORING OF EFFECT ON ECONOMY—AVAILABILITY OF CONSULTANTS' INSIGHTS TO FOREIGN AFFAIRS COMMITTEE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, may I go back for a moment to an exchange between the Leader of the Government and Senator Gigantès on the economic impact of the Free Trade Agreement? Bearing in mind that the Standing Senate Committee on Foreign Affairs has been mandated by the Senate to monitor the impact of the Free Trade Agreement and is currently so doing, and in view of the evidence that we have had from the chairman of the adjustment advisory council, Mr. de Grandpré, that it is impossible to ascertain, because of the variety of economic forces at work, the effect, either negatively or positively, on jobs in Canada, would the minister be willing to help the Senate standing committee in having the insights of Informetrica in conducting its work? I have in mind the possibility that the people doing the study for this agency will be in touch with the staff of the Standing Senate Committee on Foreign Affairs, because it may be possible for the Senate committee to benefit from insights developed privately which it could use in completing its work.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the first step will be for Informetrica to submit its report to us. The second step will be for us to review it. The third step will be for us to share it.

Senator Olson: It will be old hat.

Senator Murray: At that time I would certainly encourage my colleague to encourage the people who have done the study to make themselves available in the way that the Leader of the Opposition has suggested.

Senator MacEachen: I had in mind collaboration at an earlier stage.

Senator Olson: Yes. It will be old hat by then.

Senator MacEachen: It may be that the Senate committee could benefit and get some useful assistance in conducting its work prior to the long process which the government leader has described.

Senator Murray: Well, honourable senators, it is not that long. As a matter of fact, we expect to have their report by the end of this month. It should not take us overly long to review the report and to share it with honourable senators.

Senator MacEachen: Well, I thank the Leader of the Government. I believe we can have it before Christmas, then.

MONITORING OF EFFECT ON ECONOMY—CONSULTANTS' TERMS OF REFERENCE—EARLY AVAILABILITY OF CONSULTANTS' INSIGHTS TO FOREIGN AFFAIRS COMMITTEE

Hon. John B. Stewart: Honourable senators, may I ask a supplementary? Am I correct in thinking that Informetrica has been asked only to develop indicators by which an evaluation might be made, but will not be making an evaluation itself using those recommended indicators? Is that correct or is it going to do the evaluation?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think my honourable friend is correct on that matter. Informetrica has been awarded a contract to undertake a feasibility study on the FTA's economic impacts. The study will provide an independent view of what are the suitable indicators of the FTA's economic impacts and will furnish a road map as to when they can be realistically measured. So yes, Informetrica, as the honourable senator suggests, will try to suggest what the suitable indicators might be, but will not be doing an evaluation of the impact of the FTA.

Senator Stewart: In view of the fact that Informetrica will be providing the government with what you might say it believes are scientific measures, there will be nothing particularly confidential about that. They will not be doing the evaluation. So would the Leader of the Government reconsider his answer to Senator MacEachen and indicate that perhaps the committee might have the benefit of this neutral scientific view somewhat sooner than his earlier answer suggested?

Senator Murray: Well, honourable senators, I will not undertake that the committee will receive it before the government does. Once the government has received it and has had a look at it—

Senator MacEachen: What about consultations rather than just the final report?

Senator Murray: —we will share it with honourable senators and the committee.

Senator Frith: Share the negotiations, don't you mean?

Senator Murray: I see no reason why we would not encourage—

Senator MacEachen: Senator Roblin wants it.

Senator Murray: —those who are responsible for doing the study to come and talk about it with my honourable friend and his committee.

Senator Stewart: I think that is some progress.

VALUE OF CONSULTANTS' CONTRACT

Hon. Royce Frith (Deputy Leader of the Opposition): Can the leader tell us how much that contract is worth?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I have the figure here. It is $36,000.

Senator Stewart: Then there must be no lawyers involved.

Senator Frith: There will not be much consultation needed on that, even at a dollar per word.

GOODS AND SERVICES TAX

EFFECT ON AND VIABILITY OF MOTION PICTURE INDUSTRY

Hon. Raymond J. Perrault: The Leader of the Government is, of course, aware of the fact that the motion picture industry in this nation has done extremely well in recent years. As a matter of fact, there has been a bit of a miniboom, as far as motion picture production is concerned, in Ontario, Quebec, Alberta, and certainly in British Columbia.

I have received representations in recent days—Mr. Leader, I hope you are listening because this is important to a sector of the economy. Am I distracting the Leader of the Government?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): No.

Senator Doody: I was distracted, though.

Senator Flynn: You are distracting everybody here.

Senator Perrault: The house leader is taking the blame for this.

A number of people in the motion picture industry have come to me recently, saying that there has been a drastic falling off in the number of major productions under way in studios across Canada at the present time. Two factors are being cited: high interest rates with some rising costs; and, even more important, the possibility of the GST in 1991, which they say will render the Canadian industry utterly noncompetitive—an industry that has been worth hundreds of millions of dollars a year to the Canadian economy.

● (1510)

I am asking the Leader of the Government this question, and I do not expect him to have an immediate answer: Have conversations been held with the motion picture producers in Canada to analyze the possible effects of GST on that industry and whether or not special provisions might be made to ensure the industry's viability post-January 1991?

[Senator MacEachen.]

Senator Murray: Honourable senators, I think I can say with some confidence that discussions have been held between the government and the motion picture industry. Certainly there have been extensive consultations with the entertainment industry in general on this matter. The honourable senator will be aware that a technical paper on the goods and services tax was tabled some time ago by the Minister of Finance. I would encourage honourable senators perhaps on the Banking, Trade and Commerce committee to take that paper under advisement and to give prestudy to the bill when it is brought in by the Minister of Finance, as it certainly will be in the coming weeks.

Senator Frith: That has as much hope as the ratification of Meech Lake!

Senator Perrault: I take it that the leader would then welcome cross-country committee hearings by the Senate Committee on Banking, Trade and Commerce on the subject of GST and wide-spread public involvement in discussing its ramifications. That seemed to be the implication of the leader's reply, and I welcome that positive response from the leader.

Senator Murray: Regarding the response of the honourable senator, so far as any travels by the committee are concerned, that would be something for the committee and the Senate to decide.

CANADA-UNITED STATES FREE TRADE AGREEMENT

JOB CREATION IN CANADA—CATEGORIES OF JOBS

Hon. Raymond J. Perrault: As a second question, I should like the Leader of the Government to clarify my thinking, or attempt to.

Senator Balfour: It's a lost cause!

Senator Perrault: My old adversary there is in good form.

The Leader of the Government mentioned a few moments ago that the government created 100,000 new jobs.

Senator Murray: Two hundred thousand.

Senator Perrault: Two hundred thousand new jobs. Are these in addition to the jobs created in Alberta by Premier Getty? He claims he created those jobs in Alberta. Are these in addition to the jobs created in Manitoba? Mr. Filmon says that he created those jobs, not the federal government. There is a claim being made that the Premier of Nova Scotia created the Nova Scotia jobs. Are the 200,000 jobs in addition to the jobs already created by the provincial premiers during that comparable period of time? Would the leader clarify my thinking on this point?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have not claimed that the federal government created those jobs. Similarly, I have not claimed that the enormous increase in capital investment now taking place across the country is necessarily related to free trade, although I could put on the record, as I did some weeks ago, the statements of some of the entrepreneurs and the chief executive officers of companies to the effect that without the Free Trade Agreement they would not be making these investments.

The point I would make is that the 200,000 new jobs that have come into effect since last December in this country and the enormous year-over-year increase in capital investment, especially in the manufacturing industry, must be related to something; and I think it is fair to conclude that they are related to the renewed confidence in the business of investors in this country as a result of the added opportunities that are opening up under free trade.

Some Hon. Senators: Hear, hear!

Senator Doody: Is your thinking clear?

Senator Perrault: I sense some degree of support from the government members on the other side for this statement. I know of the Leader of the Government's love of statistics. He has been described as a figure filbert. But let me ask this: The labour movement in this country claims that 55,000 jobs plus have been lost because of this deal with the United States. You claim that 200,000 jobs have been created. I suppose this will be a limitless debate and dialogue.

Will your statistical bases provide the members of the Senate with any information with respect to the quality of the jobs that have been created? How many are in the service sector? How many are at minimum wage or within a dollar per hour of minimum wage? How many jobs by category are $7 an hour jobs, $15 an hour jobs or more, because that is an essential point when we measure the value of this deal? The claims being made by organized labour in Canada today are that almost all of these jobs are in the service sector, which traditionally has lower pay levels. Could we get that information?

Senator Murray: Honourable senators, I would expect that assertion to be belied by the facts, but I will obtain answers to some of the specific questions the honourable senator has asked. I can tell him that, over the life of this government, over 80 per cent of the new jobs that have been created have been full-time jobs; whereas, in the last few years that my friends opposite were in power, over 80 per cent of the jobs created were part-time jobs.

Senator Perrault: Let us get the wage figures, then we can discuss this more intelligently.

Hon. Philippe Deane Gigantès: Could the Honourable Leader of the Government also compare his figure of 200,000 with the same rate of job creation for the similar period in each of the preceding three years, please?

Senator Barootes: You are embarrassed.

Senator Gigantès: No, I am not. I am asking the question and I would like the answers first.

EL SALVADOR

EXPRESSION OF CANADA'S VIEWS ON SITUATION

Hon. Peter A. Stollery: Honourable senators, I should like to clarify the response the Leader of the Government made to Senator Thériault and ask him if we have taken advantage of the fact that Canada and El Salvador are now colleagues in the Organization of American States. If so, we should put our views on the situation that has taken place over the past week in San Salvador directly to the Government of El Salvador.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall have to inquire as to what representations may have been made to the Government of El Salvador. With respect to the Organization of American States, as I have already indicated, we have been in touch with the Secretary General of that organization to support his efforts to end the bloodshed that is taking place in that country.

Senator Stollery: I am not clear what that means, honourable senators, because, first of all, I am unclear what our views are on the situation that is taking place in El Salvador. Could the Leader of the Government inform us what Canada's views are that have been transmitted to the Secretary General and why we would not be dealing directly with El Salvador, which, as I say, is one of the countries represented in the organization? First, what are our views on the situation?

Senator Murray: Honourable senators, so far as the events of the past week in El Salvador are concerned, I have already answered the question. I invite my honourable friend to examine the reply I have given. If he wishes some further elaboration, I will seek a prepared comment from the Minister of External Affairs and provide it as soon as possible.

Senator Stollery: I would appreciate that, honourable senators, because, frankly, I found the explanation of the Leader of the Government to be totally incomprehensible. Not only do I find his exposure of our views difficult to comprehend but I should also like to know why we would not be dealing directly with the Government of El Salvador, with whom we, as far as anyone knows, meet every Wednesday in Washington at the seat of this glorious institution; why would we not be using that as a practical and effective way to make our views known?

Senator Murray: Honourable senators, why does the honourable senator assume that we are not doing so?

● (1520)

Senator Stollery: Because, honourable senators, the Leader of the Government has not said that we are.

Senator Murray: Oh, oh!

Senator Stollery: And that after I asked him. So I will ask him again: Are we?

Senator Murray: Honourable senators, I have stated the position of the government in the words of the Secretary of State for External Affairs with regard to the events of the past week. I am confident that Canada and its representatives have lost no opportunity to make their views known to the Government of El Salvador, to the Organization of American States, and to the international community generally. That has been done.

As I say, if the honourable senator wants a further elaboration, he can seek one from my colleague, Mr. Clark. If he wants to debate the situation in El Salvador, then let him put a Notice of Inquiry on the order paper and make his speech. If there is something to reply to or some comment that the government wishes to make, either I or one of my colleagues will take part in such a debate.

Senator Stollery: Honourable senators, in asking the Leader of the Government once again to clarify things a little more thoroughly, I remind him of the fact that only a week ago Canadians were informed by his government that we were joining a new international organization precisely because of our interests in this region of the world. We have done this within the last ten days. The Prime Minister, in San José, made this an important plank in his foreign policy platform. So I think it is not unreasonable for senators to expect the government to be able to tell us in some detail—not, perhaps, in great deal but in some detail, at any rate—exactly what we are doing and why and how that new organization is serving the Government of Canada and the people of Canada.

Senator Perrault: Hear, hear!

NATIONAL DEFENCE

ALLOCATION OF FUNDS TO PREVENT CLOSURE OF CFB SUMMERSIDE, P.E.I.

Hon. M. Lorne Bonnell: Honourable senators, I rise to remind senators that one year ago today was an important date in Canada. I am sure all of my colleagues remember that on that day, for the second time, the Prime Minister was elected with a majority government.

Some Hon. Senators: Hear, hear!

Senator Bonnell: I notice that today, one year later, on the front page of *The Ottawa Citizen* there appears the headline: "PM's vision in Moscow: 'new world of sharing'." The front page of *The Globe and Mail* states: "Insider information proposed as bait for $5,000-plus gifts." Apparently anybody who contributed more than $5,000 a year to the Conservative Party for its re-election a year ago today were to be given insider information and were to be invited to dine with the Prime Minister and with senior cabinet ministers at intimate dinners. Honourable senators, alongside the headline that states that our Prime Minister, elected a year ago today, has a new world vision in Moscow is another headline that states: "$1.3M federal loan backs Hull strip club." Honourable senators, that was $1.3 million of Canadian taxpayers' money used to support a striptease club.

[Senator Stollery.]

At the same time the 125,000 Canadians living in Prince Edward Island are losing their air base. Will the Leader of the Government in the Senate ask the Prime Minister, on this anniversary, why, rather than going to Russia, he cannot come back to Canada and think about us Islanders? Could he not give us $1.3 million so that we could put a freeze on the closure of the Summerside air base until a further study has been conducted?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, again, I invite the honourable senator to put on the order paper a Notice of Inquiry and to make his speech in due course.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have some delayed answers to questions.

FISHERIES

OMISSION OF PRINCE EDWARD ISLAND AND NEW BRUNSWICK FISHERMEN AND FISH PLANT WORKERS FROM FEDERAL FUNDING—AVAILABILITY OF UNEMPLOYMENT INSURANCE BENEFITS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 7 last by the Honourable Senator Bonnell respecting Fisheries—Omission of Prince Edward Island and New Brunswick Fishermen and Fish Plant Workers from Federal Funding—Availability of Unemployment Insurance Benefits.

(*The answer follows:*)

The special measures announced to help those working in the Atlantic fishing industry are available to both fishermen and fish plant workers.

UI fishing benefits, distinct from regular benefits, are available only to self-employed fishermen. The eligibility criteria for fishing benefits have not been changed by the special measures announced on November 3, 1989.

To be eligible for UI fishing benefits, a fisherman must meet certain criteria including having fished in the current season for 6 to 10 or more weeks. The precise number of weeks needed to qualify varies from region to region depending upon the regional unemployment rate.

Fishermen who have fished for 6 weeks this season and are now being helped through the special measures will qualify for fishing benefits.

INCOME TAX

TASK FORCE REPORT ON ELIMINATION OF CERTAIN BENEFITS TO RESIDENTS OF NORTHERN CANADA

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in

response to a question asked in the Senate on October 31 last by the Honourable Senator Buckwold respecting Income Tax—Task Force Report on Elimination of Certain Benefits to Residents of Northern Canada.

(*The answer follows:*)

The Minister of Finance has not made a final decision with respect to the task force recommendations. The Minister intends to study the 18-month report and recommendations carefully.

THE CONSTITUTION

MEECH LAKE ACCORD—REQUEST FOR COPY OF LETTER FROM PRIME MINISTER TO PREMIER OF NEWFOUNDLAND

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 8 last by the Honourable Senator Molgat respecting The Constitution—Meech Lake Accord—Request for Copy of Letter from Prime Minister to Premier of Newfoundland.

(*The answer follows:*)

The Prime Minister's reply to Mr. Wells dated November 2, 1989 was circulated from the Prime Minister's Office to every senator on Wednesday, November 9. In the event that the Honourable Senator did not receive copy of the letter, one is attached herewith for tabling.

GOODS AND SERVICES TAX

NEGATIVE IMPACT—IDENTIFICATION OF "TENTH" PROVINCE—REQUEST FOR COPY OF STUDY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 7 last by the Honourable Senator Olson respecting Goods and Services Tax—Negative Impact—Identification of "Tenth" Province—Request for Copy of Study.

(*The answer follows:*)

The GST figures the Minister of Finance was refering to are documented on page 8 of the attached summary on the Economic and Fiscal Effects of the GST.

Table 3, page 8 of summary follows:

Table 3
Direct and Induced Effects of the GST on Major Revenue Sources of Provinces
($ millions)

	1991	1992	1993	1994
Newfoundland				
Direct	4	2	2	3
Induced	6	12	17	25
Total	10	14	19	28
Prince Edward Island				
Direct	0.3	−0.3	−0.3	0.2
Induced	1.1	2.5	3.6	5.1
Total	1.4	2.2	3.3	5.3
Nova Scotia				
Direct	7	3	3	6
Induced	8	18	25	37
Total	15	21	28	43
New Brunswick				
Direct	4	−0.3	−0.2	2
Induced	6	14	21	30
Total	10	13.7	20.8	32
Quebec				
Direct	163	119	121	150
Induced	33	127	192	283
Total	196	246	313	433
Ontario				
Direct	72	8	6	39
Induced	81	186	269	384
Total	153	194	275	423
Manitoba				
Direct	10	5	5	9
Induced	10	19	29	40
Total	20	24	34	49
Saskatchewan				
Direct	2	−2	−1	2
Induced	7	15	20	28
Total	9	13	19	30
Alberta				
Direct	−21	−32	−31	−23
Induced	82	105	129	172
Total	61	73	98	149
British Columbia				
Direct	9	−8	−7	4
Induced	30	64	90	127
Total	39	56	83	131
All Provinces, Northwest Territories and Yukon				
Direct	249	93	95	191
Induced	268	564	798	1,130
Total	517	657	893	1,321

FISHERIES

DECISION OF BILATERAL PANEL ON MANAGEMENT OF WEST COAST FISHERIES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 7 last by the Honourable Senator Thériault respecting Fisheries—Decision of Bilateral Panel on Management of West Coast Fisheries.

(*The answer follows:*)

1. Canada has traditionally found it to be in the nation's interest to support dispute settlement mechanisms as a method of resolving bilateral and multilateral trade disputes.

It is the Government's intention to continue that policy and to abide by the terms of the Canada-U.S. Free Trade Agreement.

Where panel reports are not binding under the terms of the agreement, such as in the West coast salmon and herring issue, the reports will be considered on a case-by-case basis.

The agreement does provide that certain panel reports under chapter 18 are binding on both parties, i.e. in cases involving the application of safeguard actions or in cases where both parties agree in advance that the decision will be binding.

2. The Government has chosen to adopt the panel report because the report upholds the legitimacy of Canada's position on the use of landing requirements to conserve and manage the west coast fisheries.

The panel has fully recognized that it is the right of Canada to decide which particular conservation policies are to be pursued in this matter.

The panel confirmed that the trade interests of other states should not override legitimate, scientifically-based management systems which ensure sustainable development of a renewable resource.

ANSWERS TO ORDER PAPER QUESTIONS

Hon. C. William Doody: Honourable senators, before we proceed I should like to identify answers to two order paper questions, Nos. 21 and 22, standing in the name of Senator Marshall. I would ask that the answers be tabled and not printed as part of today's proceedings. I have spoken to Senator Marshall about it and he agrees. The answers are here on the corner of the table. Honourable senators can see that they are about eight inches thick.

Hon. Jack Marshall: It looks like I have a lot of reading tonight.

Senator Doody: That is right; they make for a little bedtime reading for Senator Marshall.

Answers tabled.

ATLANTIC CANADA OPPORTUNITIES AGENCY

NEW AND EXISTING AGREEMENTS WITH NEWFOUNDLAND AND LABRADOR

Question No. 24 on the Order Paper—**By Hon. Jack Marshall:**

26th September, 1989—1. What are the new agreements which will be encompassed under the new Cooperation Program (ACOA) with the Province of Newfoundland as contained in a release by the federal government dated July 31, 1989?

2. What are the existing negotiated federal-provincial Economic and Regional Development Agreements (ERDAs) which will be continued to their completion as contained in the ACOA news release of July 31, 1989, as it refers to Newfoundland and Labrador?

[Senator Doody.]

3. Of the existing previously negotiated agreements, was a project known as the Corner Brook East Development Scheme contained therein?

4. Were meetings held to negotiate such a project by the previous Newfoundland Government and, if so, what is the present status?

5. If not, has a proposal to finance the Corner Brook East Development scheme been put forward by the Government of the Province of Newfoundland and Labrador under an Economic and Regional Development Agreement?

Reply by the Minister of Public Works and Minister for the Purposes of the Atlantic Canada Opportunities Agency Act:

1. On July 21, 1989 the Government of Canada and the Government of Newfoundland signed two Cooperation Agreements valued at $83 million. These five-year Agreements were the $29.5 million Rural Development III Agreement and the $53.8 million Comprehensive Labrador Agreement. They are cost shared 70:30 by the federal and provincial governments respectively. Five additional Cooperation Program initiatives are currently being negotiated with the Government of Newfoundland and Labrador. These initiatives have not been finalized and, hence, have not been announced.

2. The existing federal-provincial agreements referenced in the federal government News Release of July 31, 1989 are Ocean Industry Development, Pulp and Paper Mill Modernization, Highway Transportation Development, Forest Resource Development, Livestock Feed Initiative, Inshore Fisheries and Agri-Food Development.

3. Of the existing previously negotiated Agreements, a project known as the Corner Brook East Development Scheme was not contained therein.

4. No meetings were held between the Atlantic Canada Opportunities Agency and the previous Newfoundland Government to negotiate such a project. The notion of undertaking an Urban Infrastructure Agreement under the Economic and Regional Development Agreement (ERDA) was raised by the previous Newfoundland Government during discussion held in February and July, 1988 with the Minister of ACOA at that time, Senator Lowell Murray. Such an Agreement was identified as one of a number of areas which the Province was proposing for consideration as possible future joint initiatives. Senator Murray responded that he was willing to pursue further discussion of these items. However, no further discussion or negotiation of a possible Urban Infrastructure initiative under the ERDA has occurred since that time.

5. There has been no indication from the Government of Newfoundland and Labrador that a proposal to finance the Corner Brook East Development Scheme will be a priority. A round of discussions to discuss regional de-

velopment priorities with each of the Atlantic Provinces is expected to take place this Fall.

INTER-PARLIAMENTARY UNION

EIGHTY-SECOND CONFERENCE, LONDON, ENGLAND—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Nurgitz calling the attention of the Senate to the Eighty-Second Inter-Parliamentary Conference, held at London, England, from 4th to 9th September, 1989.—(*Honourable Senator Neiman*).

Hon. Joan Neiman: Honourable senators, as Senator Nurgitz has already reported very fully on the Inter-Parliamentary Union Centenary Conference, which took place in London in September, including reference to the work of the Committee on the Human Rights of Parliamentarians, I shall expand only briefly on the work that the committee has been doing recently.

Before doing so, however, I should correct the record, because Senator Nurgitz inadvertently but kindly elevated my status to chairman of the Human Rights Committee. In fact, I have been acting as vice-chairman for the past year. He also gave me too much credit for the establishment of the committee, because, although I was indeed the person to move the motion to set it up many years ago, it would not have become a reality without the cooperation of the then Secretary General of the IPU, Mr. Pio-Carlo Terenzio, and the very active assistance of the other members of the Canadian group and of the IPU as a whole.

Since my last report following the IPU conference last spring, the committee met in Geneva for three days during July and again on several occasions during the conference in London in September. I am very pleased to report that we were able to close a few files since our objectives had been accomplished. I had reported to you previously that the trip which Senator Solari Yrigoyen, our present chairman, and I took to Malaysia just a year ago had borne fruit because the seven parliamentarians about whom we were concerned had all been released from prison unconditionally. The story of our visit to Indonesia at the same time also has a happy ending, because Mrs. Sundari, who had been in prison for almost 21 years, was released just prior to the London conference. At that conference the Indonesian delegation gave our committee some delightful photographs taken on the day of her release from Tangerang Prison, where we had visited her, and later that day at the home of her daughter, surrounded by her family. The head of the delegation also gave us a very touching letter from Mrs. Sundari, thanking the committee for the many representations it had made on her behalf over the past 11 years.

That case illustrates how painfully slow and often frustrating the progress in our work usually can be, but it is all worthwhile when it ends in such a satisfying manner.

It would appear that we are also going to be able to close our current file on cases from Guinea-Bissau. The committee was originally seized of three individual cases, but, unfortunately, one of the parlementarians was executed by firing squad on the decision of the high military court before the committee could take any effective action. The committee has continued to press for the release of the other two parliamentarians, who have been in prison since November 1985. It has very recently received confirmation that, in fact, they have been released from detention.

The committee works on a confidential basis so long as it can be satisfied that it can obtain further information and that, where indicated, some positive action will be taken by the national authorities where the violations of parliamentarians' human rights are alleged to have occurred. Sometimes it continues its work on certain cases in confidence so long as it appears that it might obtain the desired result more quickly that way. Where no real progress or not sufficient progress is being made, the committee refers the case to the full council of the IPU with recommendations for further action. It is by going public that we hope to enlist the active support of the member countries to bring pressure to bear on the authorities in question so that they will take the appropriate corrective action.

• (1530)

The committee is reluctant to close the files on any cases so long as there appears to be a possibility of some sought-for results. For instance, two Chilean parliamentarians have been missing since they were arrested in 1975 and 1976, respectively, by apparently authorized officials, although the Ministry of the Interior subsequently denied that such actions were taken on its orders. The committee does not expect that it will receive any further helpful information from Chilean authorities until such time as they are representative of a more forthcoming régime.

As you are aware, the situation in Colombia is very troubling, even horrifying. People who could help the committee in its investigations of the assassinations of various parliamentarians are understandably afraid to come forward. The committee has also recently been receiving information regarding the intimidation and brutalizing of parliamentarians in other South American countries where there appear to be linkages between the drug trade activities and government authorities, some of which are military or authoritarian régimes. To try to untangle the incredible skeins of activity and responsibility is very difficult and progress is slow. The committee can only hope that its constant pressure will eventually yield positive results.

I should like to tell you that the work of our committee will end, or at least taper off, in the near future, but I cannot be so optimistic. However, given the exciting changes that are occurring in the U.S.S.R. and other countries of eastern Europe, it appears that the sometimes flickering light of democracy is casting a brighter beam across parts of the globe. It glows in many other parts of our world as well, but not enough, and it can be too easily snuffed out. The IPU committee, in trying to

protect the human rights of parliamentarians, hopes what it does will somehow have a ripple effect in helping countless others who are suffering unjust deprivation of their rights and liberties.

Our Canadian group works with the Department of External Affairs to bring our influence to bear on countries whose commitment to democracy is perhaps not as strong as ours strives to be. As individuals, each of us can work through various respected organizations, such as Amnesty International, to add to the collective pressure. I can tell you, there is an incredible sense of personal reward in realizing that one has played even a very small part in the release of another human being from unjust imprisonment.

The Hon. the Speaker *pro tempore*: May I inform honourable senators that, if no other honourable senator wishes to speak, this inquiry is considered as having been debated.

The Senate adjourned until Tuesday, November 28, 1989, at 2 p.m.

THE SENATE

Tuesday, November 28, 1989

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

Prayers.

[*Translation*]

ADVANCE PAYMENTS FOR CROPS ACT

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-36, an Act to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

PRIVATE BILL

GOVERNING COUNCIL OF THE SALVATION ARMY IN CANADA—FIRST READING

Hon. C. William Doody (Deputy Leader of the Government), for Hon. R. James Balfour, moved the first reading of Bill S-9, to amalgamate the two corporations known, respectively, as "The Governing Council of The Salvation Army, Canada East" and "The Governing Council of The Salvation Army, Canada West", and to make necessary provisions regarding the charter of the amalgamated corporation.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, for Senator Balfour, bill placed on the Orders of the Day for second reading on Tuesday, December 12, 1989.

GREY CUP, 1989

CONGRATULATIONS TO SASKATCHEWAN ROUGHRIDERS ON WINNING CANADIAN PROFESSIONAL FOOTBALL CHAMPIONSHIP

Hon. Sidney L. Buckwold: Honourable senators, I ask your indulgence while I make reference to the Saskatchewan victory in the Grey Cup.

Hon. Senators: Hear, hear!

Senator Buckwold: Obviously I have the physical appearance of one who is a former football player, especially around the middle! However, I want to tell you that nothing has brought more joy to Mudville than this victory against great odds by the talented, spirited and courageous team that went on to win the Canadian football championship.

Honourable senators, you have no idea what this means to a province such as Saskatchewan. We have gone through some pretty bleak times during the last few years. Things have not really been very good—and I am not referring to politics; I am referring to economic conditions. We keep putting seeds in the ground and they just do not seem to come up in the way that we would like, and even if they do the prices are such that we are barely able to make ends meet.

Eventually, however, the good Lord smiles down and justice triumphs. The small man manages to take on the big one; David conquers Goliath and the Saskatchewan Roughriders move on, for the second time in their history, to win the Canadian championship.

Hon. Senators: Hear, hear.

INTERNATIONAL FORUM ON POPULATION IN THE TWENTY-FIRST CENTURY

HELD AT AMSTERDAM, NETHERLANDS—NOTICE OF INQUIRY

Hon. Lorna Marsden: Honourable senators, I give notice that on Thursday next, November 30, I shall call the attention of the Senate to the International Forum on Population in the Twenty-First Century, held at Amsterdam, Netherlands, from November 6 to 9, 1989.

QUESTION PERIOD

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to four questions.

CANADA-U.S.S.R. RELATIONS

PRIME MINISTER'S VISIT TO SOVIET UNION—AVAILABILITY OF GRAIN MARKETS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 21

last by the Honourable Senator Argue respecting Canada-U.S.S.R. Relations—Prime Minister's Visit to Soviet Union—Availability of Grain Markets.

(*The answer follows:*)

The official delegation travelling with the Prime Minister in the U.S.S.R. included government officials from EAITC involved in trade development with the U.S.S.R. of which grain sales is an important component. On an on-going basis, our grain sales to the U.S.S.R. are conducted mostly through the Canadian Wheat Board within the framework of our Long-Term Grains Agreement and meetings are held regularly between the Minister for Grains and Oilseeds, the Honourable Charlie Mayer, and Soviet government officials.

The business persons who travelled to the U.S.S.R. during the Prime Minister's visit include representatives from the grain industry, that is, X-Can Grain Ltd., which is looking to explore the possibilities for the sale of non-Canadian Wheat Board grains in the U.S.S.R.

TRANS-CANADA HIGHWAY

REBUILDING OF NEW BRUNSWICK SECTION—FEDERAL FUNDING

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 9 last by the Honourable Senator McElman respecting Trans-Canada Highway—Rebuilding of New Brunswick Section—Federal Funding.

(*The answer follows:*)

Since 1978, Transport Canada has contributed nearly $207 million towards highways in New Brunswick. The province elected to spend the bulk of these moneys in its northeastern region on Highways 11 and 8 rather than on the Trans-Canada Highway (TCH).

The federal government currently has a $145 million Highway Improvement Agreement with New Brunswick in which approximately $67 million (46 per cent) will be expended on the TCH and connecting links, Highways 1 and 7. The federal government would be willing to consider amending this Agreement so that a larger percentage of the funds are directed towards the TCH, should the province so desire.

Over the past year, the federal government has received requests from the provinces for over $10 billion worth of highway contributions. Clearly, it cannot accommodate these requests in an ad hoc manner. In this regard, it has indicated to New Brunswick that its highway problems will have to be dealt with within the context of a national highway program.

Under the auspices of the Roads and Transportation Association of Canada (RTAC), the federal government is participating with the twelve provincial and territorial governments in examining the magnitude of the problem nationwide.

EASTERN EUROPE

DEMAND FOR CONSUMER GOODS—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 21 last by the Honourable Senator Olson respecting Eastern Europe—Demand for Consumer Goods—Government Action.

(*The answer follows:*)

Canada's food aid package is designed to help Poland's Solidarity-led government get through a looming "winter of discontent".

A balanced package of food items is being worked out to meet Poland's needs, including $7 million of wheat, $1.5 million of fish, $2.5 million of pork and $1 million of vegetable oil. Representatives of the government are currently in Poland to finalize implementation of this aid program.

The first shipments are expected to arrive by the end of the year or early in the new year. To maximize food shipped, we are arranging to use Polish vessels. Also counterpart funds will be used to support appropriate measures of economic and agricultural reforms.

COMMONWEALTH CONFERENCE

COMMUNIQUÉ ON SOUTH AFRICA—DISSENTING VIEWS—APPARENT RIFT BETWEEN PRIME MINISTERS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 25 last by the Honourable Senator MacEachen regarding his interpretation of events at the Kuala Lumpur Commonwealth Heads of Government meeting involving the British government's issuance of a separate statement on Southern Africa.

(*The answer follows:*)

The final Kuala Lumpur Commonwealth Heads of Government Meeting communiqué was drafted with the full cooperation and participation of the British delegation.

The draft registered in detail, in the portion dealing with Southern Africa, the points on which the British had dissented. It was then reviewed by Heads of Government and approved by *all*. In fact the British "moved" its approval.

The Commonwealth, as a whole, had worked long and hard to accommodate British concerns, which is reflected in the final product which specified their reservations on key points. The British action of having taken an active role in "moving" the communiqué's acceptance was interpreted by others as a full endorsement of its contents. No intention was expressed at that time by the British delega-

tion to provide a separate statement. It was therefore disturbing to some that a separate written statement was issued shortly thereafter by the British. Others participating had the view that British concerns had been taken into account in the agreed communiqué. The separate written statement was not in keeping with the tradition of Commonwealth practice. This led to a degree of unhappiness being expressed by other Commonwealth countries, including Canada, and to the subsequent media coverage which suggested that there were dissenting views between Prime Ministers.

• (1410)

COPYRIGHT ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Lorna Marsden moved the second reading of Bill S-8, to amend the Copyright Act.

She said: Honourable senators, Bill S-8 proposes an amendment to the Copyright Act that will solve a major problem now facing educational users of copyrighted materials in Canada. At the same time this amendment respects the newly strengthened rights of creators established in Bill C-60 passed on June 8, 1988.

The proposed amendment is simple but would resolve a situation of grave seriousness facing every school teacher, student, school trustee, scholar, professor, teaching assistant and researcher in recognized educational institutions in Canada. In lay terms it says that if no licence to use copyrighted material has been obtained under reasonable terms and conditions, a not-for-profit educational user is exempt from copyright sanctions. Since it is anticipated that collectives are or will be established to negotiate copyright fees and will reach agreements with educational institutions and users, the rights and interests of creators are protected.

In introducing this bill to the Senate, I have three main purposes: The first is to draw to the attention of all legislators in this chamber and in the other place the fact that the passage of Bill C-60, an act to amend the Copyright Act, on June 8, 1988 left all teachers, researchers, students, most librarians and private scholars and many others in our country vulnerable to legal suits, costs and damages for carrying out their normal duties. In the province that I represent in this chamber there are two million students—children and adults—taught by 110,000 teachers in 5,000 schools governed by approximately 2,000 elected school trustees. Those figures come from testimony given by the Ontario School Trustees' Council before the Banking, Trade and Commerce Committee on March 3, 1988. Under the existing Copyright Act, those people have no clearly defined freedoms to reproduce, communicate, perform or exhibit material in Canada. Since these citizens and many others must reproduce, communicate, perform and exhibit as part of their job requirements, a vast number of Canadians are, no doubt, sometimes and unwittingly in breach of the law.

What right had the Senate to pass Bill C-60, thereby creating a law which simply cannot be obeyed under most conditions by many citizens? We passed it after the former Minister of Communications refused to accept amendments that would have prevented the current situation. In my opinion, while we were right to want to strengthen the protection of creators, we were wrong to pass a law that left so many users in a catch-22 situation. We should have insisted upon amendments. The reason we passed it was that we had had assurances from the minister that a second phase of the law was, and I use the word from her own testimony, "imminent", and that that second phase would bring forward exemptions to the law that would cover the problems faced by educators and other researchers and scholars. In addition, a number of problems and confusions with Bill C-60 were to be cleaned up in phase two of the bill, such as, for example, the definition of "artistic work".

There was widespread agreement on exemptions and stage-two changes in the consultative committees, the minister told us. There was need to pass this bill, because software pirating was causing the software companies to lose millions of dollars a year; the moral rights of creators required reinforcement; and so on. So senators on both sides of this chamber swallowed their doubts and passed the bill, fully expecting and believing that the government would honour its word and introduce the second phase of copyright amendments in September 1988.

September 1989 has come and gone. There is no sight of phase two of the amendments to copyright law. The consultative committees have met and given their best advice to the new Minister of Communications. The minister has maintained an indiscreet silence. There is a great deal of gossip about this. Some say that the second phase of the law cannot possibly be ready for another year.

This is crucial, because some provinces, anxious about the vulnerability of each teacher, professor, student, librarian and researcher, are negotiating blanket licences with the new collectives that have been established. They are negotiating on uneven ground, not knowing what educational exemptions will be in the second phase of amendments to the Copyright Act or what such exemptions might do to the licences they have already obtained.

My second purpose, therefore, is to expose to your view the idleness of the ministers' promises—both ministers. The first minister we dealt with, the Honourable Flora MacDonald, was defeated in the election in the fall of last year. We all know that ministers are not bound by the promises of their predecessors. We know that, and we even said it to ourselves at the time, but we passed this law anyway. I hope there is a lesson for us in that. But the current minister has also allowed hopes to be raised by telling a number of groups that the second phase of copyright is to be expected soon.

In the Speech from the Throne of April 3, 1989—when we finally had one after Parliament had been adjourned for almost seven months—we were promised the second phase of copyright. The government of Mr. Mulroney has shown its total disdain and indifference for the people of this country by

leaving our teachers, students, school trustees, researchers, librarians, scholars and others exposed to charges on copyright matters. It is true that no one has been so charged. Some say that that is because people realize how ridiculous the law is. But someone could be charged at any time and have to go through the courts, which might or might not enforce this dubious law. Why should Canadians be left by their government in this situation? The answer is that they should not be.

That brings me to my third purpose, which is to propose a remedy that covers at least some of the problems. Bill S-8, which you are asked to consider, send to committee, and, I hope, pass, proposes such a remedy. It is an amendment to the Copyright Act that is intended to protect the interests of both the creators and the users. It is a straightforward amendment to section 27 of the existing Copyright Act that provides an exemption for educational activities where a licence cannot be obtained under reasonable terms and conditions. The educational activities referred to are in non-profit agencies—that is, the school system and post-secondary system that are recognized by governments.

What does that mean? The amendment to the copyright law which we passed in 1988 proposed collectives as the remedy for managing copyright fees and exposure. That is, as in many other jurisdictions, collectives were to be established, or were to set themselves up where they did not already exist, and, by paying a fee to those collectives, users would be able to use copyrighted material under a set of conditions to be negotiated. Some of these collectives—for example, in the music industry—have existed for some time. Others—for example, in printing—existed in some parts of Canada, such as Quebec, but not in other parts. And others, such as in audiovisuals, did not—and do not—exist at all.

The principle of collectives as a way of managing copyright is not in contention. The issues raised in testimony before the committees of the House and the Senate concerned the conditions under which users would enter into agreements with the collectives. If the government intended to establish exemptions for educational organizations—exemptions that exist in the copyright law of the United States of America and other countries—why would schools, libraries and post-secondary institutions ever agree to negotiate with collectives from such uneven ground? The point was made again and again in the testimony.

It is the government that has created this uneven playing field—a field in which the collectives have much more scope and power than the users. In testimony before the Senate committee on March 3, 1988, the representative of the Canadian Librarian's Association said:

> We believe that if Bill C-60 is proclaimed as presently written we are going to be faced with an environment of negotiation with collectives in which we really have no clear definition of our role; the user has no clear definition of the users' rights; and the collective has all the power. We do not think that is fair.

[Senator Marsden]

● (1420)

It is not fair, but it is the current situation. Notwithstanding those arguments and the proposed amendment to delay proclamation of the relevant sections of Bill C-60 until the second phase was passed, the government insisted on having its legislation unamended, thus throwing overwhelming power to the collectives in negotiations with schools, libraries and other educational institutions.

I have met no one who would deny creators their rights or their economic rewards—and I certainly support the rights of creators to benefit from their work. But there is, as always, another side to the coin. That coin in this case is public moneys. Educational institutions and libraries are publicly supported bodies and it is the tax dollars of Canadians that are being spent this way. So what is reasonable and what is beneficial to the creators and the users? What, in fact, is supportive of the Canadian culture we try to preserve, promote and protect? By this I mean that we want the works created by Canadians to be used in schools, colleges, universities and libraries. We want young Canadians, especially, to become familiar with their own culture. Therefore, we need to balance the interests of creators and users in matters of copyright.

We need a fair, workable and balanced copyright law. The question is whether, under the current legal conditions, a fair deal can be negotiated. We have the obligation to ensure that a fair deal is possible, but, since the government keeps postponing the introduction of the second phase of copyright, we cannot tell if any deal worked out with the collectives is reasonable. For their part, the advocates of the collectives are certain that there will be no exemptions or only extremely narrow ones. Therefore, they urge provincial ministries of education to come to terms under the threat that teachers and others will be sued. Others look at the U.S. law with its broad "fair use" clause and suggest that we should wait to see how the exemptions will turn out before we come to terms with the collectives.

I have no special knowledge, but I do propose that this amendment to the legislation would, if passed now, allow orderly negotiation to proceed. It would provide protection to the users in publicly recognized educational institutions and encourage the development of collectives as envisaged in the legislation. This amendment covers all of the normal educational tools, such as reproduction, telecommunication, performance or exhibition. It presumes that if a licence for such activities can be obtained under reasonable terms and conditions, all educational establishments and users shall do so. But if a licence is not so obtainable, then educational users will not be violating copyright and, therefore, will not be vulnerable.

Honourable senators, I am not a legal expert on copyright, which is a very complex subject indeed. I have benefited greatly from the advice of the legal advisers to the Senate and a great many groups and individuals who are more knowledgeable than I am. I am grateful to them for their help and advice.

In addition, this bill has the public support of the Canadian School Trustees' Association, the Canadian Students' Federation, the Association of Universities and Colleges of Canada, the Canadian Library Association, L'Association pour l'avancement des sciences et des techniques de la documentation (ASTED Inc.), the Canadian Association of Research Libraries, the Canadian Teachers' Federation, and others.

I am confident that this bill is a workable solution to the problem. I hope that senators will have the opportunity to hear testimony on this bill in committee to allay any doubts and answer any questions they may have about the proposed amendment, and that, having done that, they will then vote in favour of it and urge their colleagues in the other place to do likewise.

Hon. Philippe Deane Gigantès: Honourable senators, would Senator Marsden entertain a question?

Senator Marsden: Certainly.

Senator Gigantès: How would your bill deal with the following situation? A book with 75 pages, selling for $6, was being photocopied by students for much more than $6 and was being submitted to the author for an autograph, and that particular book, written by me, gave all its royalties to a scholarship fund for the University of Toronto. How would your bill deal with that situation? I had no economic interest in what was happening to the book, but isn't that sort of thing indiscriminate copying and shouldn't something be done about it?

Senator Marsden: Senator Gigantès, that situation is already covered by the present law, which would not be changed. That is a clear violation of copyright. What the law we passed last year proposed was that you, as creator, would join a collective. That collective would negotiate a licence with, for example, all of the school boards or all of the post-secondary educational institutions in the province. You would then be paid a fee and the user would then have the legal right to use your work. You would have agreed to the terms and conditions of that blanket licence.

In other words, Bill S-8 proposes that if there is no such collective, or if no reasonable terms and conditions can be agreed upon, and you, for example, insist on a fee of $150 a page for the reproduction of your book, that would be unreasonable for a public institution. So, if no reasonable agreement could be arrived at and the person proposing to do the photocopying was doing it for educational purposes, not for profit, then that person would not be vulnerable to copyright. But the situation that you described is clearly in contravention of copyright law and would continue to be except under the conditions I have described.

On motion of Senator Doody, debate adjourned.

ADVANCE PAYMENTS FOR CROPS ACT

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Martha P. Bielish moved the second reading of Bill C-36, to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act.

She said: Honourable senators, today we have been asked to consider Bill C-36, to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act. Programs under these acts have provided farmers producing storable crops with interest-free guaranteed loans at harvest time.

These amendments will maintain the loan guarantees for advance payments and the interest thereon. Such payments promote the orderly marketing of agricultural commodities in this country by ensuring that farmers get the financing they need to carry crops from harvest time to delivery. This helps smooth out the seasonal price fluctuations by allowing farmers to wait until later to take advantage of marketing opportunities. It also helps farmers who, for tax purposes, want to delay crop receipts until the next year.

Under the Advance Payments for Crops Act, producer organizations administer the payments in cooperation with the federal government. In 1988, 55 such organizations signed up for programs under the legislation.

• (1430)

The government guarantees advances, and the interest thereon, against default by farmers so that both their organizations and the lenders take limited risks. Farmers simply repay advances when they deliver their crops. To provide improved security, this amending legislation will guarantee the payment of interest as well as the advance. If a producer is in default, both the principal and any accumulated interest will be covered.

This will help reduce the liability of provincial organizations that administer the advances. These groups are accountable for 2 per cent of defaults on principal and interest. This level of guarantee has been increased from 90 per cent to 98 per cent to minimize risk to lenders and farm organizations and to maximize benefits to producers.

Historically, producer organizations have been responsible for 10 per cent of each advance up to 2 per cent of the total amount advanced. The advance payments for prairie grains works in a similar fashion to the advanced payments for crops. Advances are extended by the Canadian Wheat Board through elevator companies and the loans are repaid through deductions on payments to farmers when grain is delivered. Again, these loans are guaranteed by the government.

The Prairie Grain Advance Payments Act will be further amended so that interest rates will be designated by the minister rather than by regulation. That is already the case with the Advance Payments for Crops Act. Under the legislation we have been asked to consider today, farmers can continue to get the necessary credit to hold crops off the market for whatever period they choose. The only change is that they will now have to pay interest on the loans. That means that an individual farmer will decide to sell or to hold the crop based on an assessment of the market and the

business operation rather than on the availability of an interest-free loan.

Interest will be charged at rates negotiated by the Canadian Wheat Board or producer organizations with lenders, and these rates should be significantly more attractive than those offered to producers seeking credit independently.

Through these federally secured programs farmers should be able to obtain loans at rates anywhere from one to three percentage points lower than would be offered to them personally. It is important to recognize that interest charges associated with carrying inventories are a normal business expense. Thousands of Canadian businesses regularly pay such costs; so it is not unreasonable to expect farmers to do the same. What is more, because farmers will become responsible for interest payments, this will allow advance limits to be increased up to $250,000. Previously, limits were set at $30,000 for an individual producer, $60,000 for a partnership of two, and $90,000 for a corporation of three or more producers.

This legislation is necessary because we must begin to chip away at our nation's debt problem. It will save the federal treasury about $20 million this fiscal year, and over the next four years savings will be more than $100 million.

Since 1984 the federal deficit has been trimmed by $9.5 billion. The debt's rate of growth has been slowed from 24 per cent to less than 10 per cent a year. However, the debt is still outstripping our ability to finance it. That is why the recent federal budget contained some tough measures, including the elimination of the interest-free provisions of the Advance Payments for Crops Act.

Agriculture must bear its share of the burden for expenditure reductions. That is why this legislation has been brought forward—to meet the challenge of fiscal responsibility.

Hon. H.A. Olson: Honourable senators, I should like to add a few words on Bill C-36, which is really a bill to destroy a right that farmers acquired as far back as the Diefenbaker era. Mr. Diefenbaker brought in cash advances in the first instance and he did so for some very good reasons.

I want to congratulate Senator Bielish for explaining some of the purposes of the cash advance legislation, and I have to say that I do not hold her responsible for the consequences that passage of this bill will have on farmers. It really is a disgrace for any government that claims to have any heart or any conscience or feeling for the farming sector in Canada to introduce such a bill. Bill C-36 is a very harmful bill. As far as I am concerned, there is no purpose in passing it at all except to transfer to producers the costs of carrying the inventories they have, whether it be in grain or some other commodity.

Those of you who have followed this act through the years will know that cash advances started with that part of the legislation that deals with cash advances for grain. The actual costs, according to the government, amount to about $27 million a year, which is a pretty small part of a $140-billion budget.

In practical terms, I do not think the Minister of Agriculture, particularly, and the minister responsible for grains and oilseeds really understand what the cash advance legislation was all about. I think it was apparent from Senator Bielish's comments, which, no doubt, were prepared for her by the two ministers, that they will now call them "loans" and that farmers will be charged interest on them. Honourable senators, a cash advance was never intended to be a loan; it was the initial payment for the purchasing of a crop. If there was no room in the elevator, in the storage bins or in the marketplace for that crop to be delivered in a particular week or month, then the farmer would receive a cash advance until there was room to get the crop to the marketplace. But, honourable senators, this government now calls these advance payments "loans".

Why? Is there no longer to be an appreciation of the other reasons why cash advances on farm-stored products, whether cereal grains or many of the other grains, were introduced? As I said, I do not think either one of the two ministers understands why the legislation was introduced. It was introduced in the Prairies in the first instance so that farmers could get access to some cash even if there was absolutely no room in the elevator for them to deliver any grain; and they could do that without having to pay any interest.

Senator Bielish says that they can keep it off the market for as long as they like. That is right, but they will be paying prime plus 1 per cent from now on, which could be up to 13.5 per cent interest, which they will have to pay every day and every hour they keep it off the market.

Honourable senators, there is more to it than that. The Canadian Wheat Board has always had the problem of keeping its channels clear so that they could pick up grain from producers at country elevators, get it through the system into export position, and sell what there was at market in any particular week of the year. Prior to 1959, when the first act was introduced, there were times when the whole delivery system was so plugged up with some particular grain that was not selling that, as a consequence, you could not get through the system sufficient quantities of the grain for which there was a market.

Obviously, this government and its ministers do not understand that. It was one of the main reasons for the legislation. The Canadian Wheat Board had an obligation to take in grain of various grades and qualities, whether it was selling or not, so that farmers could get access to some cash without having the overbearing costs of interest being charged on it from that day. So there is far more involved here than simply the $27 million. I would wager that the $27 million could, and probably will, look like a very small amount of money compared to what Canada is going to lose if they plug up the system with the wrong kind of grain so that we cannot get what is marketable through the transportation and delivery system. Yet there is no consideration for that at all.

• (1440)

It just simply is not fair to a farmer from one part of the Prairies, if, through no fault of his own, he has a deterioration of his grain because of wet weather during the harvest, or he cannot get his grain in or does not have the kind of grain that

is selling that particular week or month and is forced to sit back and hold it. That, as Senator Bielish knows, has happened. It has happened in the district where she lives—and where I live, too—that, through no fault of the farmer, the weather conditions have changed, causing deterioration of the grade of most of the harvest so that it has to be kept in until the Canadian Wheat Board finds a market for it.

However, if the Canadian Wheat Board is going to be fair to all the farmers, about all they can do now is to try to take in a reasonable amount of the grain from all over western Canada so that farmers can get some delivery opportunities under the quota. All that now goes by the board.

I did not go and borrow the money, but I have looked at this legislation and it seems to me that farmers who have any viable credit at all should go to the bank or credit union and borrow the money. Most of them can borrow it at prime plus one or less, anyway. So why go to all of the complication of writing a cash advance and taking a lien on what you have stored in the bins if you can just go to the bank and get it? It is ridiculous, because it creates a lot of unnecessary complications in trying to get what Senator Bielish now calls a loan.

During the years that this legislation was being developed by the Liberal government, and even by the Conservatives under Prime Minister Diefenbaker, there was far more to it than simply lending out the money. It was not a loan. It was a cash advance on a sale that was made that day, but under which you brought the product in some weeks or months later. And that has happened with other commodities where people could see that there was an advantage. There are all kinds of crops that are storable for a number of weeks or months; and, under the organizations that do the marketing for the farmers, the federal government made some guarantees available along with paying the interest. That made for orderly marketing. I want to repeat, for emphasis, that the Canadian Wheat Board is now going to be obliged to take in a little grain from every part of the Prairies, simply to be fair and to give farmers from every part of the Prairies some access to the market or to the available storage so that they can get some money. There is now no incentive at all to do that.

Honourable senators, I know that when this bill was making its way through the other place several members on the government side, particularly the two ministers, got up and made speeches saying that somehow the opposition would be doing a great disservice to the producers if they did not pass it right away, because they had put a moratorium on the present cash advance legislation. They are not funding it. Of course, you can stop anything dead, if you do not fund it. Quite frankly, they were accused of breaking the law, and I agree that the government is breaking the law by not making cash advances available on the terms and conditions in the legislation that is now on the books. They simply said, "We are not going to fund it." Well, I will tell you that my own opinion is that, if we never pass this legislation, we will probably do the farmers a service. Then the government can either continue to break the law by not living up to its promises—and the farmers will know that—or they can just say that they are not going to fund it and, therefore, it will be inoperative.

It is sad, honourable senators, that we have come to this state. One of the points made in the House of Commons and again in Senator Bielish's speech today is that farmers have to make some contribution to reducing the deficit. Honourable senators, I want to give you a list of the contributions the farmers of this country have made since the budget earlier this spring. So far this government has cut about $200 million a year from crop insurance. They have cut $60 million from grain and flour transportation. Rail branch line rehabilitation programs have been reduced by $48 million. The grain and crop advance program, as I said, was cut by $54 million, which is about $27 million a year. That is in addition to the fact that they have cut $12 million from the dairy export program. They have also cut $10 million from the Canadian Dairy Commission's budget. All of this, by the way, is in addition to the fact that they have imposed new excise and sales taxes on fuel used by primary producers by about $100 million a year. So this cash advance is only part of it. As a result of the budget that was brought in earlier this spring, the farmers of this country have contributed about $400 million plus $100 million in new taxes. Honourable senators, I think that farmers have made a disproportionately large contribution to dealing with the deficit.

This is quite sad, because everybody agrees that most, if not all, farmers have gone through a very difficult period. They have gone through a period of difficulty in the international marketplace for grains, which is the largest export sector. They have gone through a period where there has been drought year after year in some parts of western Canada. Senator Barootes knows that it is the sixth year in succession that they have had severe droughts, and in some of those years they also suffered from low prices. So this is really not a good time to put the boot to the farmers!

It seems to me that you should hang your heads in shame for bringing in a bill like this now. What is more, farmers have learned to expect that cash advance legislation to be there, available to them. They have done their financing on that basis so that they could pay their bills to the local fuel dealer and to the local storekeeper or farm implement dealer. Now it is just simply not available as a cash advance any more.

• (1450)

Honourable senators, I just do not know how to put any more emphasis on how unjust Bill C-36 is. Certainly, as I said, the original legislation was brought in by a Conservative government for all of the reasons I have explained. They were good reasons. Now this government is intending to throw all of that away for the sake of a few million dollars and will disrupt the whole practice that has been built up over the years since the late 1950s. I am not sure of the exact date, but it was the late 1950s when the legislation was brought in in the first place.

Honourable senators, I have been looking at this bill and I have been trying to understand why we should pass it at all. I cannot find any reason for doing so, because the act that is

now in place still applies if we fail to pass this one. This bill, as I said, honourable senators, deals a very severe blow to people who can least afford it in the agricultural community. I have heard no good reason today why we should pass it.

Honourable senators, I will stop there. I see some members on the other side are shaking their heads. However, I know that Senator Barootes will agree with me that he would have difficulty defending this bill in any agricultural community in Saskatchewan. I know many farmers in Saskatchewan; some of those farmers feel almost as if their birthright is being taken away. The practice that has been in place for so many years will now disappear. Therefore, I think it is a sad day, honourable senators, when, for such a small amount of money, the Government of Canada should see fit to pull the financial rug out from under these farmers who are most in need of help.

On motion of Senator Frith, debate adjourned.

AGRICULTURE AND FORESTRY

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Efstathios William Barootes: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Agriculture and Forestry have power to sit at three-thirty o'clock in the afternoon tomorrow, Wednesday, November 29, 1989, even though the Senate may then be sitting and that Rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Barootes: Honourable senators, the reason for this request is that at 3.30 tomorrow the Minister of Agriculture is available to appear before the committee to give evidence with respect to farm finances.

Motion agreed to.

SENATE REFORM

DEBATE ADJOURNED

Hon. Philippe Deane Gigantès rose pursuant to notice of Tuesday, November 21, 1989:

> That he will call the attention of the Senate to Senate Reform.

He said: Honourable senators, at the last sitting of the Senate I gave notice that I would speak on this inquiry on Thursday, November 23, 1989. However, we adjourned on November 21 and the Senate has not been sitting since that time. Is it your wish that I proceed today?

Hon. Senators: Agreed.

[Senator Olson.]

Senator Gigantès: Honourable senators, one of the many sensible Canadians is Mme. Lysianne Gagnon. She is not only sensible, she is talented, brave and bright. She writes a wonderful column in Montreal's *La Presse* in which she commented in November 1989 on the first ministers' meeting then being held in Ottawa. The real events were happening in Europe, she wrote, where people were fighting for freedom and human dignity, and not just splitting constitutional hairs, as Canada was. Not that Mme. Gagnon wanted to trade places with the people of eastern Europe. She thanked God for letting her be born here.

Honourable senators, she has a point. Canadians who are Canadians by choice and not by birth often say to one another that the less recent immigrants seem to invent problems where there are none. Problems? Israel has problems, Poland, East Germany, the Soviet Union, El Salvador, India, China. You want problems? Go to Cambodia. Go to one of our reservations.

Still, Canada is our country and, if we want to define our own problems, it is our right. If our political and journalistic "elites" are impassioned by constitutions, it is their right and we elect them or buy their publications. Depending on the issue, some of us follow these elites; it is our right. On one of my last interventions I began with the constitutional problem that bothers Quebec. It is fair to end with the constitutional problems that bother other parts of Canada.

Some Canadians from smaller provinces, and especially Alberta, want a Senate like the U.S. Senate. It would have an equal number of senators from each province. It would have almost the same powers as the House of Commons—the powers that we now have. They claim that such a Senate would give smaller provinces an instrument for counterbalancing the power of the more populous provinces in the House of Commons, in which seats are assigned on the basis of population, thus assuring to Quebec and Ontario, combined, a majority of the Commons seats.

Albertans and other devotees of the Triple-E Senate should reflect on the fact that they have something like a Triple-E Senate in the evolving "executive federalism." The first ministers' conferences, now enshrined by custom, and in the Constsitution, if Meech Lake passes, are a chamber in which each province has only one representative, who is elected and who can combine with other premiers to effectively pressure Ontario.

• (1500)

Remember that the Premier of Ontario was the least enthusiastic about the Meech Lake constitutional reform. His fellow premiers and the Prime Minister nudged him to change his views.

Moreover, provincial premiers often meet by themselves without the federal Prime Minister. They boast that they get to know and like one another and that they can act in concert, frequently, to put pressure on Ottawa. No federal prime minister can disregard the electoral advantage of having a powerful premier with him. That is the way things are done in

the U.S. Senate. As I told you the last time, it is not a matter of vote counting but of log rolling, as it is called: You give me what I want and I'll help you come voting time.

We are dealing here not with American state governors but with provincial premiers who have much more power than their American counterparts: Canada is vastly more decentralized than the U.S. The first ministers are not called the Triple-E Senate, but they amount to much the same. We should also consider that under this system our provinces have done much better than the states immediately to the south of them. From Ontario to the Pacific growth in population and in gross domestic product has been at a much higher rate on our side of the border than immediately to the south of the border. Quebec, too, and the Atlantic provinces bordering on the U.S. have done better in the growth of their populations and economies in the past 40 years than the American states immediately to the south. In other words, the American border senators, the senators about whom the west dreams, have not delivered the goods anywhere near as well as provincial premiers have and as our parliamentary institutions have. I think our fellow citizens who want a sort of U.S. Senate should consider how much more successful the system has been for our provinces than for the border states.

Still, there are Canadians who want a U.S. style Senate. For many reasons it would be surprising if such a reform ever happened. First, we do not have the same system as the United States. There, the head of government, the President, as you all know, is elected in his own right by the people. He is answerable to the people and not to Congress, unless he grossly misbehaves and is impeached by Congress. His personal election to be both head of state and head of government gives him a sort of mystical power in the eyes of his people. He is not subjected to a "question period" before his legislature and periodically shown up as ignorant or maladroit. He is treated with much more reverence by American reporters during a press conference than prime ministers are in our type of parliamentary democracy.

The U.S. President can lose his majority in his legislature, the Congress, and still stay in power. Americans have evolved and learned to live with a system in which the President proposes a budget or any other legislation to the Congress, which may pass, reject or amend the President's proposal. However, the Congress' version cannot become law if the President vetoes it; and it takes a two-thirds majority in each chamber of the Congress to overturn a presidential veto.

Since the U.S. Senate is elected for six years and the House of Representatives for two years, there are often divergences between the two chambers, which increase the President's room for manoeuvre. If one chamber is against him, chances are the other might be for him.

In contrast, consider our system. Our Prime Minister can only hold office and maintain his authority with the support of a majority of members in our elected House of Commons. If he loses that majority, which need not all be from his own party, he loses his office and all power. He might, then, have to face an election when circumstances are politically unfavourable to him. So, like it or not, the House of Commons is paramount. The Canadian Prime Minister, as leader of the majority and as chief executive, has enormous power; but the House of Commons has even more power, when push comes to shove. In the U.S., Congress does not have more power than the President.

Our Senate is not elected but appointed. No House of Commons legislation becomes law unless approved by the Senate, with the exception of constitutional amendments, which the Senate can only delay, not stop; it can delay them for six months. In all other matters the Senate has the power to reject any legislation passed by the House of Commons. The Canadian Senate has very rarely used its power to block House of Commons legislation; the Senate has felt, I presume, that, while it has the constitutional authority to block, it does not have electoral legitimacy. Thus, prime ministers have not had to pay much attention to the Senate's wishes.

Moreover, the Senate has been the target, since its founding in 1867, of attacks by the press and political scientists. Many of these journalists and professors were people who had fled Britain to escape the stifling class distinctions there. They were not prepared to accept a sort of colonial imitation of the House of Lords in Canada. This habitual contempt for the Senate further reduced the need for the Prime Minister to mind what the Upper Chamber wanted.

Not that the Canadian Upper Chamber has been useless. Contrary to popular mythology, it has not been exclusively staffed by venal managers of political party coffers and by burnt-out politicians. There have been and there are distinguished senators. Senate committees, moreover, have a deserved reputation for doing better work and writing better reports than the House of Commons. Many good ideas and much improved legislation have come, and still come, from Canada's Senate.

Still, because of its lack of electoral legitimacy, the Senate in its present form is not considered by the smaller provinces a useful enough tool for increasing their influence over national policy. They feel that an elected Senate would be more effective.

Let us look at a Senate that is elected, has as much power as the House of Commons and an equal number of members from each province. There would be no problem so long as the Senate agreed with the majority in the House of Commons. But, in the minds of the reformers from smaller provinces, the usefulness of an equal number of elected senators from each province would be most evident on those occasions when the senators from small provinces, forming a majority in the Upper Chamber, would disagree with the Quebec-Ontario members of Parliament who form a majority in the Commons. Having electoral legitimacy, the majority of senators from small provinces would not hesitate to block the Commons.

The Prime Minister, we saw, is an emanation of the House of Commons; he rules because he has majority support in that chamber. What happens to him if he passes a budget, thanks to his Commons majority, but is blocked by the Senate? Does

he fall from office and have to call an election? Does he stay in office and, as the representative of the Commons, initiate a negotiation with a representative of the Senate? If the Senate and the House have the same power, then their designated representatives will have the same power. Do we have two people with the power of a prime minister? Would this Prime Minister—I am speaking of the one we now have—or any likely successor accept a reform that in effect creates a person of power equal to his, but power emanating from the Senate? Will the House of Commons accept a reform that diminishes its current quasi-absolute power? To think that the answer to any of these questions might be "yes" is to misunderstand the political process and the politicians in it.

Some months ago Senator Roblin mentioned that the problem might be resolved as it has been in Australia, where the Prime Minister, whose power stems from the equivalent of the Commons, the House of Representatives, threatens to dissolve both houses and call elections if the Senate blocks him. The theory is that senators do not like to face voters anymore than MPs do; so a threat of dissolution not only of the House—

• (1510)

Senator Frith: Double dissolution!

Senator Gigantès: Double dissolution: not only of the House but also of the Senate. Such a threat would have considerable clout. But if there is disagreement over an issue like the currently proposed goods and services tax, to which the provincial governments and most of the voters are opposed, what happens? An elected Senate could force the federal Prime Minister to go to the polls over this issue and to lose. Any prime minister knows this sort of thing could happen. Does he want the hassle of having to deal with two houses, of being faced with a choice between retreat or electoral defeat, when he would rather have some semesters to push through unpopular legislation and then rebuild his popularity before the next trip to the polling station? Prime ministers are seldom political masochists: they would hate being coerced by an elected Senate when they had a majority in the Commons.

We are not starting out with a new Constitution, as the Americans did when they established two legislative chambers with equal powers. We have a House of Commons that has held undivided power for 123 years. It will fight not to share power. And it will argue, with justification, that two legislative chambers of equal power do not fit in our British parliamentary system, which has seen one chamber, the Commons, acquire paramount power both here and in Great Britain.

Some Canadians, particularly in the west, will wonder why we do not scrap our British system and adopt the American one. I have actually been asked by members of the other place from the west why we do not do that. They would like a completely independently elected president, a House of Representatives where seats are apportioned by population and an equally powerful Senate in which each province would have the same number of seats.

In the American system, long-serving senators have acquired much more power than state governors and legislatures. And these U.S. senators are not manipulated by their states; in fact, the opposite is often the case. True, some powerful U.S. senators acquire defence contracts for their states; but they also develop a national rather than a parochial view. Is that what each provincial premier wants, to be supplanted by elected senators from his province? But after a while they control the electoral machine in most of the states more than the governor does, and they almost guarantee their re-election with a judicious use of federal handouts. Do provincial premiers want to be supplanted by powerful senators?

In any case, what the smaller provinces are asking is that the two big ones abdicate. Why would Ontario or Quebec accept any change in the present system that would decrease their power? Quebec, especially, has worried over the years about its proportion of Commons seats diminishing because of faster population growth in other provinces. Is it conceivable that Quebec would accept a new elected Senate, equal in power to the Commons, a Senate in which Quebec would have no more seats than Prince Edward Island?

Thus, the Triple-E Senate, equal, elected and effective, is a dream that will not come to pass. We could have the two Es, equal and elected, but only if the powers of the Senate were reduced to those of the British House of Lords. The Lords can only delay Commons legislation, not reject it. Such delaying can be very inconvenient for the Prime Minister; it allows time to build popular opposition to his program. But it leaves the supremacy of the Commons intact, subject only to moderating by the Lords. In England, Their Lordships have forced Mrs. Thatcher to temper some of her more extreme initiatives. The Lords, acting with surprising lack of partisanship on issues of ethics or equity, have also become a fine educational institution for the British. We could have an elected Senate acting like the influential British House of Lords.

We might have nine senators per province, three elected every three years, for nine year terms. They would only be allowed to serve one term, with a good salary and a good pension. They would then be ineligible for any other elected office or any public appointments. Under such conditions they would only need the help of a political party to get elected the one time; but after the election they would not need that political party. They could then afford to be non-partisan and would come to be seen as non-partisan. Members of the Senate would not be allowed to have other gainful employment.

Their constituency would be the whole province. Every third year the three candidates with the most votes would get the three seats at stake. This means that there would be senators from all three parties. With security of tenure and a comfortable retirement, they would develop senatorial solidarity, shedding their partisanship, as partisanship is sometimes shed now in some of the Senate committees.

If the voters do their job well, the sort of elected Senate proposed here could become the "House of Facts". It could say to the public: "We have checked and we all agree that, regardless of what your political or business leaders or labour unions say, the facts are as follows."

Modern techniques of mass communication and of audience manipulation make it possible to fool the public. Specialists sell an image rather than policies during elections. They smear other candidates. They use false rumours. In the 1988 U.S. election, voters did not really know what policies the two candidates represented. In many ways it was a contest between two teams of information manipulators. The candidate with the best bunch of amoral, fact-twisting cynics, wins.

A Senate acting as a "House of Facts" is essential, as an antidote for the poisoning of the democratic process by professional liars. If such a Senate existed now, it would probably declare that if we wrecked Canada over some constitutional problem we would put an end to an inestimable gift providence had given us; and that would not be sensible.

On motion of Senator Beaudoin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 29, 1989

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

Prayers.

THE SENATE

BRIAN ROLFES—RHODES SCHOLARSHIP AWARDED TO FORMER CHIEF PAGE

Hon. Efstathios William Barootes: Honourable senators, this is the second day consecutively that we have had good news from Saskatchewan in which everyone can rejoice. Yesterday my associate and friend, Senator Buckwold, told you about the great victory that was won on the athletic fields of Canada by our football team from Saskatchewan.

Hon. Senators: Hear, hear!

Senator Barootes: Today I bring you great news about another accomplishment that is specifically related to this chamber. Brian Rolfes, who was our chief page, has been awarded a two-year Rhodes Scholarship to Oxford.

Hon. Senators: Hear, hear!

Senator Barootes: Many of you will know that Brian is the son of Herman Rolfes, formerly Minister of Health of Saskatachewan under an NDP administration and close friend of many of us in Saskatchewan. Brian is now reading law at Wadham College, Oxford, after completing two years of law at the University of Saskatchewan. He obtained a Bachelor of Public Administration degree from Carleton University, Ottawa, in 1987. The University of Saskatchewan will credit him with his third year of law if he successfully completes his two years at Oxford, thus enabling him to obtain his law degree.

Brian has indicated that he may spend a third year at Oxford completing a one-year graduate degree in law, specializing in jurisprudence, legal philosophy—if you can believe that such a thing exists—and constitutional law. Following that, he might return to Canada and article or enter into some other field of law.

We all rejoice in his academic achievements and recognize the contribution he made here. I know I speak for all of us when I say that we believe that all our pages will aspire to and achieve such a high degree of consistency and academic accomplishment.

Hon. Senators: Hear, hear!

[*Translation*]

PRIVATE BILL

CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS—FIRST READING

Hon. Fernand E. Leblanc presented Bill S-10, concerning the Canadian Institute of Chartered Accountants.

Bill read first time.

The Hon. the Speaker *pro tempore:* When shall this bill be read the second time, honourable senators?

On motion of Senator Leblanc, bill placed on the Orders of the Day for second reading on Tuesday, December 12, 1989.

THE ESTIMATES, 1989-90

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand E. Leblanc: Honourable senators, I have the honour to present the eighth report of the Standing Senate Committee on National Finance concerning the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1990.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 775.*)

The Hon. the Speaker *pro tempore:* When shall this report be taken into consideration, honourable senators?

On motion of Senator Leblanc (Saurel), report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

COMMITTEE OF SELECTION

SEVENTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, November 29, 1989

The Committee of Selection has the honour to present its

SEVENTH REPORT

Pursuant to Rule 66(1)(*b*), your Committee submits herewith the list of Senators nominated by it to serve on the following select committee:

SPECIAL COMMITTEE OF THE SENATE ON THE PROPRIETY OF THE CONDUCT OF HONOURABLE SENATOR COGGER

The Honourable Senators Corbin, Flynn, *MacEachen (or Frith), *Murray (or Doody), Neiman, Olson and Ottenheimer. (5)

*Ex officio members.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

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

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

SPECIAL COMMITTEE ON BILL C-21

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

That the Special Committee of the Senate on Bill C-21, an Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of Bill C-21.

If leave is granted, honourable senators, I will give a short explanation.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, this committee had its organization meeting last night. Senator Hébert was elected chairman and Senator Tremblay deputy chairman. The committee discussed its plans for beginning its work and concluded that it should do so next week. In fact, it meets tomorrow and will continue next week. The committee is a special committee but deals with legislation; therefore, I believe it falls under guideline 1:01, in which case it only needs this general authorization in order to proceed to hire technical and other help. That is the reason for the motion.

● (1410)

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday, 12th December, 1989, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Doody: I should offer a word of explanation, honourable senators. As you know, there is no legislation before us. I understand that there is the possibility of receiving one or two bills from the other place late next week. We should be in a position to deal with them when we come back on Tuesday, December 12.

Senator Frith: The other place is not sitting tomorrow or Friday, I understand.

Senator Doody: In the meantime, our committees have six or seven pieces of legislation before them which they will be working on while the Senate itself is not sitting.

As Senator Frith has pointed out, the other place will not be sitting on Thursday and Friday of this week because of some strange ritual that is going on concerning one of the other parties in the other place. So that assures us that we will have no legislation from them. I simply want to say, though, that the two special committees and most of the standing committees will be working next week.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

SPECIAL COMMITTEE ON BILL C-21

COMMITTEE AUTHORIZED TO PERMIT ELECTRONIC MEDIA COVERAGE OF HEARINGS

Hon. Jacques Hébert: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*e*), I move:

That the Special Committee of the Senate on Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, be empowered to permit coverage by the electronic media of its public proceedings with the least possible disruption of its hearings.

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

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

QUESTION PERIOD

THE SENATE

ABSENCE OF GOVERNMENT LEADER FROM CHAMBER

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Senator Murray will not be with us today. I will be pleased to take as notice any questions senators wish to ask.

THE CONSTITUTION

MEECH LAKE ACCORD—FEDERAL-PROVINCIAL RELATIONS MINISTER'S AGENDA FOR MEETINGS WITH PROVINCIAL REPRESENTATIVES

Hon. Joyce Fairbairn: Honourable senators, I should like to ask the Deputy Leader of the Government whether he could indicate when Senator Murray will be visiting his counterpart in the province of Alberta on the current trek across the country on the Meech Lake Accord?

Hon. C. William Doody (Deputy Leader of the Government): No, I cannot, honourable senators. I know that the first phase of his visitations is being conducted in the Atlantic provinces today or tomorrow. What the plans are beyond that I really cannot say.

Senator Frith: In these visitations, he is the "visitor" rather than the "visitee"—he is not receiving other-world visitations, is he?

Senator Fairbairn: Would the honourable senator be good enough to make inquiries and perhaps let us know Senator Murray's agenda so that he can be—

Senator Frith: Suitably greeted.

Senator Fairbairn: —welcomed appropriately as he moves from province to province?

Senator Doody: I shall certainly make inquiries. I would not want Senator Murray not to be received properly in Alberta or anywhere else.

Senator Frith: It takes a certain amount of time to get a band together, you know!

NORTHERN CANADA

REQUEST FOR REINSTATEMENT OF FULL NORTHERN MAIL SUBSIDY

Hon. Charlie Watt: Honourable senators, I have a question for the Leader of the Government. Since he is not here, I will put the question to the deputy leader.

We in the north have recently learned that the government has been reducing its northern mail subsidy to Canada Post by $1 million a year since 1986. We understand that the government intends to eliminate completely this subsidy within 15 years.

As a result of the first round of subsidy cuts, Canada Post has announced rate increases that will see the cost of transporting fresh food and other essential goods to the north rise by an average of 36 per cent. It is now estimated that this will drive up the cost of living for northern consumers by as much as 20 per cent. I need not remind senators of the devastating impact this will have on those regions that must already endure the highest cost of living in the country.

I wish to ask if the government is prepared to reinstate the full northern mail subsidy as an immediate measure for averting a crisis in the north. When will the government proceed to establish the promised working group to consult northerners on the subsidies required to offset the high cost of living?

An Hon. Senator: You will get your answer by mail.

Senator Watt: As honourable senators are probably well aware, the cost difference between the north and south is tremendous. The cost of items that we have to buy in the north is probably three or four times greater than it is in the south. The fact that the Government of Canada is cutting subsidies that are enjoyed by the northerners is going to have a tremendous impact upon the lifestyles and the livelihood of the people living in northern Quebec and the Northwest Territories.

Honourable senators, I think this matter is very important. On the one hand, the Government of Canada has been trying to promote the idea of stimulating the northern economy. But, on the other hand, it is taking away essential subsidies for the north and is thereby reducing the capability of any free-enterprise operation. If the government continues with its plan, stimulating the economy will not be seen in the reasonable future and will probably never be seen over the long-term. There is a definite need for the Government of Canada to consider this matter seriously. These subsidy cuts will have a tremendous impact upon individuals and the collective as a whole with regard to the high cost of living in the north.

● (1420)

I would urge the Deputy Leader of the Government to take this matter seriously and to take it up with his colleagues. Whatever he can do will be highly appreciated by the northerners.

Hon. C. William Doody (Deputy Leader of the Government): I will attempt to get an answer for the honourable senator.

PHARMACEUTICAL INDUSTRY

CONNAUGHT LABORATORIES—GOVERNMENT ACTION TO PREVENT SALE

Hon. Stanley Haidasz: I should like to ask the Deputy Leader of the Government what the Canadian government is doing to stop the sale of Connaught Laboratories, the laboratories that manufacture most of the biologicals in Canada.

Hon. C. William Doody (Deputy Leader of the Government): I will try to find out for Senator Haidasz.

WEST GERMANY AND EAST GERMANY

STATEMENT BY CHANCELLOR OF WEST GERMANY ON REUNIFICATION—ITEM FOR DISCUSSION BETWEEN PRIME MINISTER MULRONEY AND PRESIDENT GORBACHEV AT RECENT MOSCOW MEETING—EXISTENCE OF TAX TREATIES

Hon. Jerahmiel S. Grafstein: I have a question for the Deputy Leader of the Government which I hope he will pass on to his colleague, the Leader of the Government in the Senate. Yesterday Chancellor Helmut Kohl of the West German Republic presented to the Bundestag a ten-point program leading to what he hoped would be the eventual reunification of East and West Germany. Included in his proposal was a precondition, which was a free election in East Germany leading to a series of wide-ranging committees. He anchored his policies in his relationships with the West and its allies, and in that regard I question the Leader of the Government as to whether or not the Government of Canada was consulted by Chancellor Kohl. If so, what were Canada's responses to those consultations with respect to his policies dealing with the reunification of East and West Germany?

Hon. C. William Doody (Deputy Leader of the Government): I will try to get an answer for Senator Grafstein.

Senator Grafstein: I appreciate that. Could he, at the same time, advise us whether or not this question of reunification was discussed by Mr. Mulroney and Mr. Gorbachev in their recent meetings in the Soviet Union; if so, what was the nature of those discussions and any conclusions the two of them might have reached on this question?

Finally, could the Senate be informed of what, if any, tax agreements or treaties exist with respect to the question of reunification as it might apply to those agreements that Canada signed either succeeding the Second World War or up to the present time, including the issue of the reunification of Berlin?

Senator Doody: I will try to get the information.

NATIONAL PAROLE BOARD

APPOINTMENT OF MR. JACK CENNON—REQUEST FOR RELEVANT QUALIFICATIONS

Hon. Earl A. Hastings: Would the Deputy Leader of the Government in the Senate take as notice a question for his colleague, the Leader of the Government in the Senate? It pertains to the recent, secret, appointment to the National Parole Board of Mr. Jack Cennon of Prince Albert, Saskatchewan. I know the deep and abiding commitment of this government to public safety in the operation of this board, which extends to recalling Parliament in July if it has to, but I cannot quite reconcile the appointment of a retired radio talk-show host and Conservative candidate to the National Parole Board as being in the interests of public safety, especially in light of the awesome authority of that board. Perhaps there are qualifications, other than being a defeated Conservative candidate, that Mr. Cennon has that qualify him for membership on that board. Would the Deputy Leader of the Government undertake to have his curriculum vitae presented to us in due course.

Hon. C. William Doody (Deputy Leader of the Government): I certainly will try. It seems to me that the honourable senator has a few of the details of the gentleman's background already.

Senator Hastings: I just have the details of his political activity, and I really do not see that that qualifies him as one who can make these great decisions with respect to the freedom of individuals in our institutions.

Senator Doody: Unlike senators.

Senator Hastings: I did not realize that a Conservative candidate would have those qualifications, but perhaps there are other qualifications Mr. Cennon has that we should know about.

Senator Doody: I will certainly try to find out.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to two questions.

CANADA-UNITED STATES FREE TRADE AGREEMENT

POSITION OF LEADER OF GOVERNMENT AND GOVERNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on October 31 last by the Honourable Senator Gigantès respecting Canada-United States Free Trade Agreement—Position of Leader of Government and Government.

(*The answer follows:*)

> Having admonished the United States, the Ministers are no less forceful in their strong commitment to the intent of the Canada/U.S. Trade Agreement.
>
> As the Minister of Agriculture points out, the binational dispute panel established under the FTA provides a forum for either country to seek redress when it feels it is being dealt with unfairly by the other partner to the

agreement. The Minister also called upon our two governments to work together in a spirit of co-operation to avoid the kinds of conflicts that are so damaging to our respective producers and to our trade relationship.

Above all, this government remains confident that the Canada/U.S. Free Trade Agreement will pay dividends to our agri-food industry in terms of enhanced market opportunities, investment and jobs.

EL SALVADOR

EXPRESSION OF CANADA'S VIEWS ON SITUATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 21 last by the Honourable Senator Stollery respecting El Salvador—Expression of Canada's View on Situation.

(*The answer follows:*)

In response to the questions of the honourable senator, as I said last week, contact has been made and maintained with the government of El Salvador. The Canadian Government has dealt directly with El Salvador both from the Department of External Affairs here in Ottawa and through our accredited Embassy in San José.

The contacts have been at several levels—the foreign ministry, the military, the police, and directly with President Cristiani.

The concerns raised were made public in a Statement by the Minister on November 16 following the brutal slaying of the Jesuits, as follows:

—The serious human rights situation.

—The need to stop the ongoing bloodshed in the civil conflict.

—The implications for Central American peace process.

We continue to communicate these concerns to Salvadoran authorities.

ADVANCE PAYMENTS FOR CROPS ACT PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Bielish, seconded by the Honourable Senator Macdonald (*Cape Breton*), for the second reading of the Bill C-36, An Act to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I yield to Senator Argue.

[Senator Doody.]

Hon. Hazen Argue: Honourable senators, I did not think I would ever stand in my place in the Senate to see the Prairie Grain Advance Payments Act being changed by the removal of the interest-free provision.

This original legislation came about because of widespread demand by and pressure from western Canada for an interest-free cash advance on farm-stored grain. The Right Honourable John G. Diefenbaker brought forward this legislation in November 1957. For a period of 32 years it has been valuable to western farmers and to the grain marketing system. It proved itself so valuable that the basic provisions of the act were extended to other parts of Canada and to farm products in other parts of Canada.

I think the government has gone about this in entirely the wrong way. The cash-advance legislation has been on the statute books for years—and it still is on the statute books; yet, when August 1 arrived this year, farmers were unable to get cash advances because the government did not provide them as required by the act. The government failed in its duty and responsibility, as required by the statute, to provide cash advances. This has been something of a people's program. It was put there because of a campaign or campaigns that went on over a period of years. Finally, the government acted in a major and responsible way.

This legislation, as honourable senators will know, has made it possible for a farmer, after he has harvested his crop, to go to his local producer organization or local elevator company to apply for an advance on farm-stored grain. This enabled the farmer to get the required money at harvest time and place his grain in the marketing system in a regular and even fashion.

I have in my hand the annual report of the Canadian Wheat Board for the crop year 1986-87. It shows that from the beginning of the cash-advance system in western Canada until July 31, 1987, $3,820,000,000 in total cash advances were made available to producers. It is interesting to note that the repayment of those cash advances leaves an outstanding amount due of about 1 per cent—almost a total payment. In other words, the way the system has been worked out the government has assumed almost no risk because there has been almost a 100 per cent repayment.

In looking over the *Debates of the House of Commons* I was pleased to see that an agricultural question in the Commons received thorough and adequate attention by members on all sides of the House. I was further encouraged to note that about half of the members participating in that debate were from urban ridings; it seems to me that there is some hope that the members from urban ridings are taking an increased interest in the welfare of rural Canada, and an interest in this legislation in particular.

• (1430)

Honourable senators, what this legislation does, of course, is to remove the interest-free cash advance feature. Up until now the ceiling for interest-free cash advances has been $30,000. This new legislation providing interest-bearing loans will increase that ceiling to $250,000. Honourable senators, to me,

that very act of increasing the ceiling sets out the philosophy of the Conservative government in relation to agriculture and in relation to farming. In other words, the interest-free feature has gone and the total amount available for the individual farmer is multiplied by eight.

Honourable senators, in my opinion, farmers today do not need more mortgages and they do not need more interest rates. Many farmers today have their land mortgaged and their machinery mortgaged. They do not need legislation to mortgage their grain. This might be good legislation for the banking system, but it is not good legislation for the farmers.

I do not know if the government feels compelled under the Free Trade Agreement to bring about this kind of withdrawal of support from agriculture. However, I want to say that at the very time the federal government in Canada is getting out of interest-free cash advances the Americans are staying with their program of low-interest cash advances. The Americans have a system of loans on grain stored on farms or in elevators. Their system of loans carries an interest rate of 8 per cent; but if farmers comply with certain features of the American agricultural program—and at the present time that would be taking approximately 10 per cent of their land out of production—then they receive USDA certificates. Those certificates are a sort of money substitute from the federal treasury in the United States. When an American farmer is called upon to repay his loan, if he repays that loan with USDA certificates, then the loan is interest-free. Therefore, the American farmers have a kind of interest-free cash advance system, and, as I have explained it is continuing at the very time the Canadian government is withdrawing this kind of support from western farmers.

Honourable senators, the federal government has tipped its hand in recent months with regard to what its program is for agriculture, and particularly what its program is for western agriculture. The two-price system has been removed; it has gone, with a loss of up to $300 million in one year. Senator Olson put all of the figures on record yesterday. There will be no more branchline subsidies; there will be an end to the fuel rebate, and the Western Grain Stabilization Act, which has been in force for many years, is also being affected. At one time it carried a contribution of 2 per cent by the producers, of 4 per cent by the federal government, and, in recent months, a contribution of only 1 per cent by the farmers. Now, however, that contribution by farmers has been increased to 4 per cent, thanks to amendments brought in by this government. Therefore, the burden is being loaded, more and more, on to the backs of the farmers.

We read recently that we are to have a new crop insurance system that will be more sensitive and will cover a higher percentage of crops. At any rate, that is what we read. However, I want to make a prediction. That new crop insurance will be so expensive that many farmers will withdraw from crop insurance, believing that they are unable to afford it. I have talked to my neighbours and I have talked to other farmers; the majority of those to whom I have spoken have said that, after receiving their statements for crop insurance this year, they found that costs had gone up so much that they were not going to take out crop insurance next year. This is serious, and I certainly think it would be too bad if farmers believed that they could not afford the crop insurance system that is available to them.

I find certain features of the crop insurance scheme onerous. If there is a drought, as in the case of Senator Olson's area, which had a major drought this year, they blame the farmers for it. They increase the cost of the premium and they reduce the coverage. If a farmer with crop insurance has his crop ruined by a hail storm and makes a claim, his coverage the following year is reduced. I cannot understand a system that penalizes farmers for an act of God—a hail storm. In my opinion, those measures need to be changed. I hope they will be changed, although I have little faith that they will be.

The philosophy seems to be: "Big is great; big is better—big farms, big machinery and big banks." In my judgment, all of this results in stress for many people and pollution of our soil, our atmosphere and, ultimately, ourselves. I am glad that the Minister of Agriculture is appearing before the Agriculture and Forestry Committee to explain his program, "Growing Together—A Vision for Canada's Agri-Food Industry." The program needs a lot of explanation, because many people out there are fearful not so much of what it says in the document but of what it does not say, of what may be hidden and of what may result from the implementation of it.

I can tell honourable senators that there is a lot of stress and trouble among farmers. In my immediate district—in fact, within ten miles of where I live—of ten farmers who began farming a few years ago seven have given up and thrown in the towel. Rural western Canada, like rural Saskatchewan, is being devastated. Farmers are leaving the farms in droves, because creditors are either hounding them, threatening to foreclose, or have begun foreclosure proceedings. Some farmers may not go through bankruptcy; they may sign a quit claim for their property. In any event, they are leaving and the farm population is going down. As the farm population goes down, the population of our rural communities goes down.

A leading farmer told me the other day that in the past year and a half ten businesses in the small town of Watson, Saskatchewan, had closed because of the economic conditions that prevail there.

Over the weekend I had the privilege to attend the Saskatchewan 1989 Rural Life Conference sponsored by the Catholic Bishops of Saskatchewan at Humboldt. About 300 people attended the conference. It was a very moving event, in more ways than one. The local MLA for Humboldt was there. Senator Sparrow was also there and addressed the meeting the first evening. I was not able to be there that evening, arriving only the next morning, but from what I was told I understand that Senator Sparrow's comments had a major impact on those who heard him, because they began to realize how important it is to Canada that farmers—all of us—protect and retain the soil.

I heard, as did everyone else who was there, one farmer after another, and very often farm women, relating their personal experiences in dealing with banks and with farm credit. Tears were in the eyes of many of us as we listened to their heart-rending statements about the callousness and utter disregard for human sensitivities shown creditors, who had put their farms in receivership and were proceeding to foreclose.

● (1440)

There is a crisis out there which needs attention. Those people need a government and legislators who are friendly and supportive.

Out of that conference the first and major demand, I would say, was that there be a moratorium on all farm foreclosures. There was also a demand that there be a write-down of debts and a setting-aside of payments at this time; furthermore, there should be a limit, per farmer, on the commitment of government in various programs—a commitment by the treasury. There was a feeling, as I sensed it, of a need for a program to support the farm family.

Agriculture is in crisis in western Canada and I believe it is also in crisis in other parts of Canada. To find out how concerned farmers are one had only to witness the 8,000 or so farmers who came to Parliament Hill a few days ago from the provinces of Quebec and Ontario.

I believe that this legislation is going in the wrong direction and I hope the government will change directions. I believe the legislation before us today is bad legislation and is not in the interests of the producers either. If farmers had a choice, I believe they would almost unanimously prefer to have the legislation that is in place rather than the legislation that is being proposed here.

Hon. Efstathios William Barootes: Honourable senators, I did not intend to engage in the debate on Bill C-36 until I heard the statements made by a former Minister of Agriculture and a former Minister of the Wheat Board today and yesterday. Those statements must be looked at again and brought into perspective. I am particularly concerned about statements respecting the inadequacy of the crop insurance schemes for western grain farmers, especially in view of the fact that we have been told that premiums have risen so greatly in the last year, due to what we call actuarial experience, that most farmers find it too expensive to undertake.

While Senator Argue was speaking, I rushed out and retrieved a copy of a report from Saskatoon, written by Geoffrey York in the *Globe and Mail* and dated Monday of this week. I should like to read some of his comments, which perhaps do not come into perfect concert with or are not consonant with the remarks we have just heard.

Mr. York's article states:

> A near-record total of $515-million in crop insurance payments will be sent to Saskatchewan and Manitoba farmers this year, latest estimates show.
>
> The total is expected to include a record payment—

and I emphasize the word "record"—

[Senator Argue.]

> of $140-million in Manitoba and a near-record of $375-million in Saskatchewan.

The article goes on to say:

> The drought continued to plague eastern Saskatchewan and western Manitoba this year, forcing thousands of farmers to make crop insurance claims. Meanwhile, untimely rainfall during the harvest damaged the quality of the grain in many regions.

Later on the article states:

> The crop insurance payments will be "extremely large" this year, Mr. Clay Gilson noted. "Crop insurance is the first line of defence."
>
> "Moreover, it would be difficult for Ottawa to calculate the level of assistance for each farmer, since the effects of the drought are so variable," he said.

Honourable senators, this article also says:

> About 55,000 farmers—almost 90 per cent of all Saskatchewan farmers—have purchased crop insurance this year. The number is a sharp increase from 47,000 farmers last year.

Honourable senators, that is in contradistinction to what we have just heard. Who shall arbitrate? In other words, it is not the case that fewer farmers are buying crop insurance; in fact, many more farmers took advantage of it, despite the statement that the premiums are so high that farmers cannot afford the insurance.

The article also goes on to state:

> Total liability increased from $1.1-billion to $2.1-billion in Saskatchewan.

That is almost double the coverage of the year before, despite the protestations of my honourable friends opposite.

Henry Zilm, president of the Saskatchewan Crop Insurance Corporation, is reported as having said, "We haven't ever had this kind of a one-year increase in our business."

The article goes on to state:

> In Manitoba, about 70 per cent of the farmers have purchased crop insurance this year, compared with 50 per cent last year.
>
> In both provinces, insurance premiums will be insufficient to cover the cost of the massive payments. There will be a shortfall of $115-million in Saskatchewan and $62-million in Manitoba. Federal and provincial governments will temporarily cover the shortfall under a reinsurance plan.

That was not included in the reduction of benefits my friend spoke of yesterday, but what I am pointing out is only with respect to crop insurance. We should put it into perspective.

When we talk about the United States arrangement with the USDAs, you will notice that those farmers who were using the USDAs to partially compensate for the interest payment of 8 per cent were doing so at the sacrifice of laying 10 per cent of their land aside. In other words, they would have to put 10 per cent less land into crops.

We should also note that when advance cash payments to farmers came into existence—as is the case presently in the United States and in Canada—they were to cover surpluses that were being stored on farms. I would emphasize, honourable senators, that this related to surpluses. That is not the situation today, when you can deliver every grain you have to the elevator and obtain your first cash payment immediately. In other words, it was not done in a period of shortage of crops; it was done when we had grain lying in our fields, sometimes covered by a little film and sometimes left for the deer and the antelope to eat. That was when we had huge surpluses; but today we have a shortage of grain for export. Last year we could not even meet our commitments and there was no need in those instances to give cash advances to farmers.

Honourable senators, I will put it to you more succinctly: Last year we had to give up normal markets that this country had had for grain, and they were taken over by those who had surpluses, predominantly in the United States.

We are facing a different set of circumstances today. Let us not approach this on the basis that there is inadequate crop insurance for the grain farmer. The grain farmer today can deliver virtually as much grain as he has in his reservoirs and storage areas.

I just wanted to move the discussion around to this other area of crop insurance and advance payments. Thank you very much, honourable senators.

• (1450)

Hon. H.A. Olson: Would Senator Barootes permit a question.

Senator Barootes: I have more to say!

Senator Olson: I think you ought to say a little more, too. One very important thing you left out is how much did the farmers pay? What was the premium for this year's crop insurance? If you put that in, you will find that there was almost a 100 per cent increase in that as well. If you do not think that costs, well, you should try it. Anyway, if you have all that information, let us hear what it costs.

Senator Barootes: With $115 million short in Saskatchewan and $52 million short elsewhere, believe me, the rates will have to go up. When the fund drops and goes into a negative situation, you must raise the premiums or you do not have an actuarially sound insurance program—and I underline the word "insurance". This is not a special grain payment program. This is an insurance program.

Senator Olson: Of course, there is an old saying that if you do not know the answer, raise your volume. That is exactly what he did.

What was the amount of the premiums? I know a whole lot of farmers whose premiums were 100 per cent more. I do not care what your shortfall is, because, when you have a disaster, the federal government usually helps.

Senator Barootes: Single instances! I want overall figures.

Senator Olson: You did not answer the question.

Hon. Martha P. Bielish: Honourable senators—

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform the Senate that if the Honourable Senator Bielish speaks now, her speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Bielish: I commend this bill to honourable senators for second reading.

Some Hon. Senators: On division!

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Bielish, bill referred to the Standing Senate Committee on Agriculture and Forestry.

PENITENTIARIES

ACCESS OF MEMBERS OF PARLIAMENT—DEBATE ADJOURNED

Hon. Earl A. Hastings rose pursuant to notice of Tuesday, October 31, 1989:

> That he will call the attention of the Senate to the erosion of the long standing right of access of Members of Parliament to federal penitentiaries and the final loss of that right in 1987.

He said: Honourable senators, the inquiry standing in my name, which draws the attention of honourable senators to the loss of an entitlement to parliamentarians, was triggered by a decision of Speaker Fraser in the other House when he gave a ruling on October 10, 1989, on page 4461, referring to an advertisement that had been placed by Revenue Canada. In his decision, he said:

> This advertisement may not be a contempt of the House in the narrow confines of a procedural definition, but it is, in my opinion, ill-conceived and it does a great disservice to the great traditions of this place.

This is where, I submit, my inquiry hits home:

> If we do not preserve these great traditions, our freedoms are at peril and our conventions become a mockery.

Honourable senators, it has been a time-honoured tradition that parliamentarians have the right of access to Her Majesty's penitentiaries and inmates in those penitentiaries. That tradition has been honoured over the years, but it was summarily withdrawn on January 1, 1987, by the Commissioner of Penitentiaries. In bringing this matter to your attention, honourable senators, I realize that it may not be an initiative that will affect many senators, but I remind you that when the privilege or the entitlement of one senator or one parliamentarian is infringed, then surely the privileges of all parliamentarians are infringed upon.

Although it is not a parliamentary privilege, Canadian legislation supports the argument that access to penitentiaries was a traditional right of members of Parliament prior to its

legislative removal in 1961 and regulatory removal in 1987. The legislation goes back to 1838, when legislation of the colony of Upper Canada provided members of Parliament with a right of access to penitentiaries. Section XXXIII of an act concerning the Kingston Penitentiary, adopted in Upper Canada in 1834, contains the following provision:

> And be it further enacted by the authority aforesaid, that the following persons shall be authorized to visit the prison at pleasure—

and I emphasize those words, "at pleasure"—

> namely, the Governor, Lieutenant-Governor, or Person administering the Government of the Province, the Members of the Legislature—

and it then goes on to name other persons who will have the right to visit Kingston Penitentiary, at pleasure.

In 1868, under section 42 of the Penitentiary Act, which was adopted without comment in Committee of the Whole on April 2, 1868, when they brought together the various acts for the confederation of the colonies, it stated:

> The following persons, other than the Directors, may visit any Penitentiary at pleasure—

and again I emphasize the words "at pleasure"—

> namely, the Governor General of Canada, the Lieutenant Governor of any of the Provinces composing the Dominion of Canada, any Member of the Privy Council of Canada, any Member of the Executive Council of any of the said Provinces, any Member of Parliament of Canada or of any of the Local Legislatures, any Judge of any Court of Record in Canada or in any of the said Provinces, and any Queen's Counsel; but no other person shall be permitted to enter within the walls where the prisoners are confined, except by the special permission of the Warden, or under such regulations as the Inspectors shall prescribe.

So, honourable senators, from 1834 to 1939 members of Parliament had right of access to penitentiaries, at pleasure. However, in 1939, under section 45 of the Penitentiaries Act, the right of access to members of Parliament became modified. This modified version of the one I have just read reads as follows:

> The following persons may visit any penitentiary during business hours—

I repeat, "during business hours". So "at pleasure" now becomes "during business hours", and the second infringement on the right of the member of Parliament has now been put into effect. Let me continue the quotation:

> that is to say: The Governor General of Canada, the Lieutenant-Governor of any Province of Canada, any member of the King's Privy Council of Canada, any member of the Executive Council of any of the said provinces, any Member of the Parliament of Canada, and any Judge of any Court of Record in Canada or in any of the said provinces; but no other person except the Commissioner, Assistant Commissioners or persons especially appointed by the Minister shall be permitted to enter within the walls wherein the prisoners are confined, except by the special permission of the Warden and under such regulations as the Commissioner prescribes.

• (1500)

However, in 1961 the Penitentiary Act was amended and the section I have just referred to, section 45, was removed. Yet a review of the legislative process at that time would indicate that a clear commitment was made that the sections dropped would subsequently be included in regulations. In this chamber, the sponsor of the bill at that time, Senator Thorvaldson, stated, and I quote from the *Senate Debates* at page 890 of June 11, 1961:

> In content this new act is very much shorter containing as it does only 32 sections as compared with 82 sections in the present act. The reason why the proposed measure is so much shorter than the present act is that section 29 of the bill provides that the Governor in Council may make regulations for the details of operation of the penitentiary system.

Further on he says:

> As I say, a great deal of the substance of the present Penitentiary Act will in future be taken care of by regulations.

That was in 1961, when section 45, providing access to penitentiaries, was dropped from the act. I submit the inference is there that it will be covered by regulation. It never found its way into the regulations under the act.

In 1971 a question of privilege was raised in the other House with respect to the honourable member for Skeena, Mr. Howard, and four members of Parliament being asked to leave Millhaven Penitentiary. Mr. Howard at that stage said:

> When the Penitentiary Act was revised in 1960-61 the Hon. Davie Fulton was Minister of Justice and the right hon. member for Prince Albert (Mr. Diefenbaker) was Prime Minister. The point was raised about leaving out of the proposed new Penitentiary Act the provision containing the right of Members of Parliament to visit penitentiaries during business hours. We were assured by the then Minister of Justice that this action had the endorsement and approval of the then Prime Minister. He said that it was considered appropriate because of the legal construction of statute law not to have that provision carried forward into the new act but that it would be contained within the regulations and that there would not be any interference with that particular right.

As I said, honourable senators, it was never carried forward into the regulations; however, it did find its way into a Commissioner's Directive in 1967. The Commissioner's Directive no. 113, dated January 9, 1967, stated:

> Members of Parliament, Judges, Magistrates and Crown Attorneys are to be encouraged to visit federal penitentiaries. There are no limitations of the scope, number or extent of the visits of these personages. Wardens will continue the policy of admitting Members of

> Parliament into the institutions, unless circumstances are such that the Wardens believe that the visit at that time is not appropriate. In such cases, the Warden will refer the matter to the Commissioner's office for decision.

That directive held until 1982, when a new Commissioner's Directive, no. 050, was issued, which stated:

> Under normal circumstances, Members of Parliament and journalists shall have free access to institutions, their staff and inmates.

When you go back to the beginning, "at pleasure" is now changed to the warden making the decision as to the appropriateness of the visit under "normal circumstances".

Finally, on January 1, 1987, in the Commissioner's Directive 021, which, in effect, revoked all previous directives, the authority for members of Parliament, as stated in these previous directives, for free access to institutions, has been extinguished and the CD remains silent in reference to members of Parliament. The Commissioner, in Section 6, assumes absolute authority for all visitors.

Honourable senators, I draw your attention to the date that that was extinguished: January 1, 1987, which was just after we had the special session of Parliament with respect to Bill C-67 and Bill C-68 amending the Parole Act and the Penitentiary Act. At that time many members of Parliament took it upon themselves to visit penitentiaries. Mr. Svend Robinson, Mr. Warren Allmand and Mr. John Nunziata of the other place visited penitentiaries to discuss that legislation with the staff and inmates. A subcommittee of this house visited penitentiaries in the prairie and Ontario regions to discuss the legislation. Subsequent to that legislation's being passed, the Commissioner of Penitentiaries withdrew the right of access to inmates, staff and penitentiaries and reserved the decision-making authority unto himself.

Honourable senators, in summary, from 1834 to 1868 members of Parliament have access to penitentiaries "at pleasure"; from 1868 to 1939 it continues "at pleasure"; and from 1939 to 1961 the first infringement is made, in that the visit can only be made "during visiting hours". From 1961 to 1967 there is no provision for access to the penitentiaries; however, in 1967 it reappears in the Commissioner's Directives and it exists until 1981, but the warden shall now deem what is not appropriate and what is appropriate. Gone is the "at pleasure" and it is vested in the warden. From 1980 to 1987 the caveat is: "normal circumstances". Gone is "at pleasure". It can only be done now under "normal circumstances", and the directors may restrict or control movement during that time. Finally, as I say, on January 1, 1987, the traditional entitlement of members of Parliament to Her Majesty's institutions and access to inmates and staff is completely withdrawn.

I again remind you, honourable senators, as I did at the beginning, that, while it may not be important to many senators, it is important to some; and that, when an entitlement is withdrawn from some, it is withdrawn from all. The action by the Commissioner of Penitentiaries and his bureaucracy has infringed upon a right of entitlement of parliamentarians. I bring it to the attention of honourable senators and, in particular, the Government of Canada to seek redress and the reinstatement of that traditional entitlement into the Penitentiary Act as quickly as possible.

Some Hon. Senators: Hear, hear!

On motion of Senator Doody, for Senator Nurgitz, debate adjourned.

• (1510)

PEOPLE'S REPUBLIC OF CHINA

CANADA'S POLICY—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Jerahmiel S. Grafstein: Honourable senators, I give notice that on Tuesday, December 12, 1989, I will call the attention of the Senate to Canada's policy with the People's Republic of China.

CANADA-EUROPE PARLIAMENTARY ASSOCIATION

VISIT TO HUNGARY, CZECHOSLOVAKIA AND POLAND, SEPTEMBER 17-27, 1989—DEBATE ADJOURNED

Hon. Lorna Marsden rose, pursuant to notice of Tuesday, November 21, 1989:

> That she will call the attention of the Senate to the parliamentary visit of the Canada-Europe Parliamentary Association to Hungary, Czechoslovakia and Poland from September 17 to 27, 1989.

She said: Honourable senators, in September 1989 the Canada-Europe Parliamentary Association was the first Canadian parliamentary delegation to make official visits to the Parliaments of Hungary, Czechoslovakia and Poland. The delegation was led by Mr. Terry Clifford, MP, president of the association. Among members of the delegation were three senators: Senator Poitras, Senator Lefebvre and myself. Since we all wish to comment on this fascinating visit, we will each make brief interventions. We are conscious of the fact that many of our colleagues here are much more knowledgeable of the situations in those countries, so I hope senators will accept these comments as those of a fascinated amateur.

The changing situation in those eastern European countries has only become more exciting and complex since we returned home, but this was the period when East Germans were leaving their country through Hungary and Vienna or other parts of Austria. We began our visit in Vienna, where we received an extremely valuable briefing on the refugee situation, the CSCE, environmental issues, and many other vital matters from our ambassador, Mr. Michael Shenstone.

On Sunday, September 17, we were welcomed to Budapest by the Canadian ambassador, Dr. Derek Fraser, and his wife at a dinner and briefing at their official residence.

At this point, honourable senators, let me say how much all members of the delegation appreciated the warm hospitality, expert briefings and many courtesies we received from our ambassadors and their wives and staff in all three cities and at

every stage of our visit. They work in difficult posts, in every sense of that term; they went out of their way to make things easy and comfortable for us. The situation in Hungary was, at that stage, in great flux, the results of which you have all been reading about in the newspapers. The Party Congress, during which the Communist Party was set aside, was in the making but had not yet taken place. The Round Table negotiations were concluded while we were in Budapest. We spent two and a half days in intense briefings with high-ranking Hungarian members of the government and had a brief visit with the opposition parties.

We began with a briefing and visit to the beautiful Parliament Buildings of Budapest. Our host was Dr. Istevan Fodor, Deputy Speaker of the Parliament, and with him were a number of members of Parliament. We held discussions on defence issues, economic matters and political matters. Senator Poitras will comment on the questions of trade and economic matters while I will confine myself here to the political matters.

The situation in Hungary has changed so much since we were there that I will provide not details so much as a flavour of what was occurring, which may be of interest to colleagues here. Certainly, we would all agree that there was an air of great excitement and extraordinary change—changes were breaking all through our visit. The Hungarian people with whom we discussed these matters emphasized the European side of the eastern European designation. They are very anxious to be part of Europe and, indeed, of the EEC, but the barriers to closer links with western Europe and the western world are, of course, economic—such as the problem of convertible currency—as well as political and cultural.

On the political side, the western countries and international agencies are looking for evidence of a pluralistic democratic system, which is, indeed, emerging in the country, but this will be a long and difficult process. There have not been real political alternatives in Hungary for well over a generation, and the political knowledge and practices that we take for granted will need to be re-established. For example, from one of the deputies in Parliament we heard at length about the problems arising because there is no tradition of "loyal opposition". Even ten years ago the opposition were all secret groups. Since 1985 there have been factions inside the Parliament, but the institutionalization of the opposition will be a different and more difficult question.

The elections for Parliament and the presidency, which will take place next year, will be very important. Since returning to Canada I have learned that there will be Canadian observers, at least from the academic community, and we hope that some parliamentarians will also be able to serve in that capacity. The conduct of those first elections and the validity of their outcome, both to the Hungarian people and to observers from the West, will have an important impact upon our future relations with that country and, indeed, on their future development. This is simply one example of the complexities that we were able to discuss with the people we met there.

All kinds of changes were taking place. While we were there, for example, diplomatic relations were restored between Hungary and the State of Israel. The Round Table negotiations on how and when to hold the elections were concluded, involving nine opposition groups as well as trade unions, youth groups and a popular front. The Hungarian Socialist Workers Party—the Communist Party—accepted many of the proposed reforms.

In our visit we met with hard-line conservatives urging a slow, cautious process, as well as leading reformers such as Mr. Imre Pozsgay, who is one of the well-known candidates for president in the upcoming elections.

Despite the reforms, it seems important for all of us to recognize that the changed party is interested in a particular brand of socialism, and not in capitalist, liberal democracy of the kind that dominates our western governments. While orthodox Stalinism has been rejected, we must all watch with great care and attention to see the extent to which pluralism and a mixed economy emerges in Hungary.

The cultural affinities with western Europe are very important in trade matters. We were told in Hungary and Czechoslovakia—and I am sure Senator Poitras will enlarge upon this—that in matters of technology the exchange with Canada would be somewhat difficult, because it is the German standard in technology, in science and in all manner of intellectual property that is the standard of eastern European countries.

The Hungarians, after all, have been trading with Switzerland, Austria and Germany since the seventeenth century and are accustomed to trade with those countries. In all three countries, Hungary, Czechoslovakia and Poland, science and technology are developed at very high levels. Indeed, as everyone here is aware, a large proportion of the leading scientists and scholars in western countries such as Canada have come from eastern European countries. There they were educated and well trained, although they fled the oppressive political and economic systems. Therefore, we must become, in our scientific and scholarly communities, far more sophisticated in our appreciation of the ways in which we can build relations in intellectual life and in the exchange of knowledge and views among humanist scientists of all kinds. It should be noted, however, at the same time that there have already been a number of exchanges of this sort—in space research, for example—among universities here and there.

The great beauty of the city of Budapest and the sense of excitement and progress taking place on the political and economic levels were very engaging. We hope that all senators will seize every opportunity to visit Budapest, officially or, indeed, as tourists.

On Wednesday, September 20, we travelled on to Prague. Now, events in that country are the headlines every night, but, then, we were told with great assurance by everyone we met that the chances of reform in Czechoslovakia were absolutely out of the question. We met strong resistance when we brought to the attention of leading members of the Czechoslovakian government their violations of human rights, and we did bring

these violations to their attention on every occasion. These violations of their rights, which Czechoslovakians have experienced, are extremely severe. Passive demonstrations, peaceful demonstrations, have led to some instances of brutality and many arrests. Senators will have seen on their televisions the demonstrations in Wenseslas Square and the charge by the Czechoslovakian police against citizens. This, of course, has been going on for years, and dissent of a peaceful nature was what we saw practised in Prague in the evenings and what we heard about from our briefings by the Canadian embassy. The oppression of the people of Czechoslovakia was heartbreaking to us because of the great possibilities for that sophisticated and vibrant culture. We can only rejoice in the events of this past weekend.

• (1520)

In addition to providing us with excellent briefings and warm hospitality, our ambassador, Mr. Barry McWhinney, and his wife organized for us at their home a meeting with the Charter 77 dissidents, something which would not have been possible only a few months ago. This was a very moving event.

We met many members of the dissident group. Two people stand out in my mind. One young man about 17 or 18 years of age had just come out of prison, where he had been for seven months, having been arrested after a peaceful demonstration in Wenseslas Square. We talked with him at great length. He had clearly and consciously given up all his prospects for the future by joining in this protest. Now we can hope, with the changed circumstances, that his prospects have very much improved; but for someone of that age to decide to give up having a job, education or a free future is really remarkable to witness.

The spokesperson for Charter 77 this year is Dr. Nemcova, formerly a professor of psychology at Charles University, who was arrested in the spring of 1968. For demonstrating and speaking out she lost her job at the university and has been forced to work elsewhere ever since. First she was cleaning the streets for many years and now is cleaning buildings. But she never lost her faith in the possibilities of free speech, free assembly, and free government in the country.

The courage and determination of that small group of outspoken dissidents is something that we must all admire and never forget, even if they and others are able to gain freedom for all of the citizens of that country.

In addition to meeting with leading members of the Party Central Committee and other officials, we met with the parliamentarians and the CSCE committee and were able to see something of the beauties of Prague at the same time.

Before leaving for Warsaw we visited Karlovy Vary, a beautiful spot known to us in the West as Carlsbad. There, we looked round the city and had the explanation of what the city had been and what it could be. I look forward, as I am sure others do, to returning to Czechoslovakia as soon as possible, but under an entirely new set of political and economic circumstances.

We then went to Warsaw where the excitement of the changes there met us from the moment the airplane touched down; however, I will leave it to Senator Lefebvre to describe our visit to Poland.

Since returning to Canada the members of the delegation have met and agreed that we will make recommendations arising from this visit on a variety of matters. I should like to conclude, therefore, by appending to my report and reading to honourable senators the recommendations which this delegation wishes to make to Parliament arising from what we learned. The recommendations say:

> After years of a single party system, both Hungary and Poland are instituting democratic systems involving more than one political party in their parliaments. A senior Hungarian Minister told the delegation that since Hungary does not have a tradition of democratic government, it would be important to have outside support for the country's new democratic institutions.
>
> Years of a totalitarian system may have damaged the competence and confidence of the Parliaments of Hungary and Poland—

and I think we could now include Czechoslovakia—

> not to mention their effective functioning. In Poland, persons with little or no experience of previous parliamentary procedure are having to take charge in a period of vital legislative activity. The transition is likely to show stresses and strains. More important, it may take time for the new Parliaments to realize that they are the overseers, not the servants of the Executive as had been the case under the Communist regime.
>
> The delegation wishes to make the following recommendations to the Canadian Parliament:
>
> 1. The Speakers are urged to maintain and expand visits between the legislatures of Eastern Europe countries and the Canadian Parliament.

• (1530)

> 2. A special program should be established to bring several parliamentarians from their legislatures to spend a week or two observing and learning parliamentary procedure and practice in the House of Commons and its committees.
>
> 3. A legislative development program should be put in place, as quickly as possible, for at least two key officials from each legislature. Their study in the Canadian Parliament could include: observance of the day-to-day functioning of the two chambers and their relationship to each other; procedure and structuring of debates; the usefulness and rules of Question Period; rules for elections; the roles and functioning of committees; and pay scales for members. There could also be emphasis put on the subject of support services for members, including ways of strengthening research and information needs, members' staffing requirements and committee staffing requirements.

4. The Speaker should, if invited by the Hungarians, Czechoslovakians or Poles, form a small delegation of parliamentarians to go to those countries at the period of their upcoming elections to act as observers or to assist in any way possible.

Honourable senators, this was a truly fascinating experience, and I hope that it is one that will be repeated with other members of this chamber.

On motion of Senator Poitras, debate adjourned.

The Senate adjourned until Tuesday, December 12, 1989, at 2 p.m.

APPENDIX

(*See p. 762*)

THE ESTIMATES, 1989-90

REPORT OF STANDING SENATE COMMITTEE ON
NATIONAL FINANCE ON SUPPLEMENTARY ESTIMATES (B)

WEDNESDAY, November 29, 1989

The Standing Senate Committee on National Finance has the honour to present its

EIGHTH REPORT

Your Committee, to which Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31 March, 1990, were referred, in obedience to the Order of Reference of Thursday, November 9, 1989, submits its report as follows:.

Undertaking this review, the Committee heard from the following witness:

From the Treasury Board:
Mr. Allan Darling, Deputy Secretary, Program Branch.

Supplementary Estimates (B), 1989-90, totalling $1,477.0 million, are the second Supplementary Estimates for the current fiscal year. They increase the total Estimates tabled to date from $131,599.2 million to $133,076.1 million, and the amounts to be voted by Parliament from $43,545.7 million to $44,356.7 million. Of the $1,477 million in these Supplementary Estimates, $811 million is to be voted, while $666 million is for statutory expenditures and is included for information only.

The Minister of Finance included $3.1 billion in his April 1989 Budget as a reserve for additional spending during the current year. Of the total appropriations requested in Supplementary Estimates (B), $538 million is to be provided for from that reserve. The balance of $939 million, representing specific major items, has already been provided for from reserves set up in the accounts of Canada at the end of the 1988-89 fiscal year to cover anticipated spending in 1989-90.[1] The items thus provided for consist of: $600 million in the Estimates of the Department of Agriculture to restructure the Farm Credit Corporation (statutory item); $330 million of the $375 million requested for the Government Contingencies Vote of Treasury Board to cover retroactive payments to public service unions as a consequence of the latest round of collective bargaining agreements; and $9 million for forgiveness and deletion of debts owed to several departments by outside entities.

The Budgetary portion of the total Estimates is $132.9 billion, which remains well within the government's projection for total 1989-90 Budgetary Estimates (including the $3.1 billion reserve) of $134.1 billion, according to Treasury Board officials.

Of the $133.1 billion that has now been tabled in the Estimates for the current fiscal year, $88.7 billion or 66.7 per cent is allocated to statutory expenditures that do not require annual approval from Parliament. The Committee has expressed concern for many years over the size of the statutory expenditures relative to the total Estimates.[2] Three statutory items appear in Supplementary Estimates (B), 1989-90,[3] of which two are in the Department of Agriculture: $26.0 million for payments to producers for named agricultural commodities under the *Agricultural Stabilization Act*; and $600.0 million to convert debt owed by the Farm Credit Corporation (FCC) to Canada into contributed capital. The latter payment arises from the FCC recovery plan announced by the government in July 1988, and is provided for in Section 12(1) of the *Farm Credit Act*. In the 1989-90 Main Estimates, the Corporation's authorized capital was increased from $225 million to $625 million to permit an initial conversion of debt to equity. There is a $1.00 Vote in Supplementary Estimates (B) to permit a further increase in contributed capital from $625 million to $825 million. The $600 million expenditure thus represents the actual cash payment by the government that has been authorized in two stages in the 1989-90 Main Estimates and Supplementary Estimates (B). As indicated above, it was also provided for by the $939 million in reserves that were set up in the accounts of Canada at the end of the 1989-90 fiscal year.

The third statutory item in these Supplementary Estimates is $40.0 million (Non-Budgetary) in the Department of Supply and Services for the purchase of 4,000 shares of the Royal Canadian Mint. This Crown Corporation has been highly profitable for several years, but because the government had contributed no equity, the Mint was prevented from paying dividends to the Crown. Pursuant to the December 1987 amendments to the *Royal Canadian Mint Act*, the expenditure of $40.0 million to purchase shares will complete the conversion of the Mint to a Schedule "B" Crown Corporation and will result in an immediate payment

by the Mint to the government of accrued dividends in the amount of $60.3 million.

$375.0 million is being requested for the Treasury Board's Vote 5 - Government Contingencies. Following a question by Senator Stewart on June 11, 1987, the principles governing the use of this Vote were outlined in a detailed response by Treasury Board, which was appended to the Committee Proceedings of May 2 and 3, 1984.[4] The purpose of Vote 5 is to supplement other votes for paylist and other requirements and to provide for miscellaneous minor and unforeseen expenses. It includes an authority to reuse any sums allotted for non-paylist requirements and repaid to this appropriation from other appropriations. Consequently, total expenditures from Vote 5 in any fiscal year typically exceed, often substantially, the amount authorized by Parliament for the Vote in the same year.

Regarding the use of the contingencies fund for paylist requirements, when the salary budgets of individual programs are established for the Main Estimates, there are invariably a number of groups for which contract settlements have not been reached or for which existing contracts will expire during the forthcoming fiscal year. In such cases, it is normal practice to provide a standard amount in the salary budgets of each department. However, this amount usually underestimates the actual salary awards, and Vote 5 is then used to offset the resulting paylist shortfalls by making permanent transfers to the appropriate departmental Votes.

When Vote 5 is used to defray unforeseen non-paylist expenses, these must be repaid to the Vote when Supplementary Estimates are approved. In cases of urgency, and where the Treasury Board is satisfied that the authority can normally be sought through an Appropriation Act, the Contingencies Vote is often used to pay for new grants not listed in the Estimates, or to defray additional operating expenditures of new programs, program activities, boards and agencies whose budgets are typically (and deliberately) underestimated in the Main Estimates. In such cases, Parliament is advised, by way of footnotes in the Supplementary Estimates, of situations where the Contingencies Vote has been used to authorize the payments in advance of their inclusion in Supplementary Estimates.[5]

The Treasury Board response concluded as follows (page 1A:8)

> The current Vote wording of the Government Contingencies Vote provides the government with broad flexibility to provide funding not only for paylist shortfalls but to meet unforeseen expenses and to provide for specific payment authorities. The operating principles under which the Vote is operated, however, limit the use of the authority provided and ensure that an appropriate level of Parliamentary control exists. The review of practices in two other jurisdictions [The United Kingdom and Ontario] revealed very different approaches to the provision of funding flexibility which were, by and large, specific to the needs of those jurisdictions. Inherent in both systems was a greater delegation of authority to the Executive.

The Committee agrees that "an appropriate level of Parliamentary control exists" as long as the current operating principles continue to be followed. It notes that the practice of providing footnotes in the Supplementary Estimates to indicate non-paylist uses of the Contingencies Vote was adopted in response to a concern raised by the Auditor General in his 1969 report. It also notes that these footnotes now include authorizations of payments for operating expenditures, not just for grants as stated in the May 1989 response of Treasury Board (pp. 1A:4-1A:5). The Committee will continue to scrutinize the use of the Contingencies Vote in its reviews of future Supplementary Estimates.

In the course of testimony by officials of Treasury Board, Committee members expressed concern at the apparent ease with which the government could transfer funds within a Vote of any department or agency without explicit approval by Parliament.[6] They felt that, in effect, Parliament was not appropriating funds with sufficient precision.

The situation arises because it is standard practice for Treasury Board to establish a budget for a new activity following its approval by Cabinet. The Board also asks the department, however,whether there exist unspent or underspent funds within the relevant Vote that were allocated to activities previously itemized in the Estimates. If this is the case, the Board then authorizes the transfer of these funds within the Vote so that it will not be necessary to ask Parliament for an additional appropriation (through Supplementary Estimates). Treasury Board officials agreed with Committee members that additional controls on such intra-Vote transfers could be imposed in principle, but felt that these were not really necessary and would add a non-trivial cost burden to the Estimates process.

The Committee recognizes the problem of imposing additional costs, but believes that the present practice represents a significant delegation of Parliament's spending authority to the Executive. It recommends that, wherever possible, individual Votes be defined more specifically in the Estimates in order to enhance the accountability of the government to Parliament.

$27.8 million is being requested in these Supplementary Estimates for additional operating expenditures in Vote 10 of the Department of National Revenue - Taxation, along with 785 newperson-years (PYs). $14.2 million and 285 PYs are for increased compliance and enforcement

activities, such as additional audits of individual and corporate income tax returns. The remaining $13.7 million and 500 PYs are needed to administer phase one of the current tax reform process, which commenced with the 1988 tax year

The Tax reform requirements are the result of the changes to personal and corporate income tax, in particular the substitution of tax credits for deductions in many cases, along with the introduction of new forms to incorporate these changes.[7] As well, additional PYs are needed to process the substantial increase in public inquiries about the new system and the additional reports that are now required of investment dealers concerning their clients' sales of shares and other assets in order to assess liability for capital gains taxes. The 1989-90 Main Estimates provided 420 additional PYs for these activities, but these proved insufficient and 500 more PYs are now required.

It is important to note that none of the additional expenditures and PYs are in any way related to phase two of tax of tax reform, which is the proposed introduction of a Goods and Services Tax.

SUPPLY TO DATE FOR 1989-90

Three Appropriation Acts have been approved in respect of Estimates for 1989-90:

Supply Approved to Date:

Appropriation Act No. 1, 1989-90 granted Interim Supply for 1989-90 Main estimates equal to an initial allocation of 9/12ths for all Votes plus 26 additional proportions	$33,119,820,020.24
Appropriation Act No. 2, 1989-90 granted Supply for the whole of Supplementary Estimates (A), 1989-90	435,929,304.00
Appropriation Act No. 3, 1989-90 granted Full Supply for the 1989-90 Main Estimates	9,989,966,006.76
Awaiting Approval:	
Supply for the whole of Supplementary Estimates (B), 1989-90	810,958,001.00
TOTAL	$44,356,673,332.00

ESTIMATES TABLED TO DATE FOR 1989-90
(in thousands of dollars)

	To be voted	Statutory	Total
Main Estimates			
Budgetary	$42,939,511	$88,048,601	$130,988,112
Non-Budgetary	170,275	4,852	175,127
	43,109,786	$88,053,453	$131,163,239
Supplementary Estimates (A)			
Budgetary	435,929	-	435,929
Non-Budgetary	-	-	-
	435,929	-	435,929
Supplementary Estimates (B)			
Budgetary	808,258	626,000	1,434,258
Non-Budgetary	2,700	40,000	42,700
	810,958	666,000	1,476,958
Total Estimates Tabled			
Budgetary	$44,183,698	$88,674,596	$132,858,294
Non-Budgetary	172,975	44,852	217,827
	44,356,673	$88,719,448	$133,076,121

NOTES

1. The $939 million was recorded in the accounts on an accrual basis and was included in the deficit for 1988-89 even though that amount was not actually spent last fiscal year. It is included as part of the appropriations requested in Supplementary Estimates (B) because the approval of Parliament is required to spend this amount from the Consolidated Revenue Fund.

2. For a review of the Committee's earlier statements on this issue, see "The Estimates, 1989-90: Interim Report of Standing Senate Committee on National Finance", Appendix "B", *Debates of the Senate*, Tuesday, October 17, 1989, pp. 574-578. In its report on the 1983-84 Main Estimates, for example, the Committee observed that 59 per cent (compared to the current 67 per cent) of the previous year's Estimates were for statutory expenditures. In reviewing the 1988-89 Main Estimates, the Committee indicated its concern that the ever-increasing importance of the statutory items would make it difficult for the government to reduce its annual deficit within the current revenue and expenditure framework.

3. These statutory items are listed for the first time in a Summary Table on page 20 of Supplementary Estimates (B).

4. See "Government Contingencies - Treasury Board Vote 5", Appendix "NF-1", *Proceedings of the Standing Senate Committee on National Finance*, Tuesday, May 2, 1989 and Wednesday, May 3, 1989, Issue No. 1, pp. 1A:1-1A:22.

5. There are numerous examples of such prepayments from Vote 5 in the current Supplementary Estimates, including: Department of Agriculture, Grants on pages 23 and 24; Department of Consumer and Corporate Affairs, departmental operating expenditures on page 29, Patented Medicine Prices Review Board on page 30 and Procurement Review Board on page 31; Employment and Immigration Department / Commission, Grants on page 33; Department of External Affairs, departmental operating expenditures on pages 41 and 42 and Canadian Secretariat on page 44; and Department of Finance, Canadian International Trade Tribunal on page 45.

6. For example, Vote 1 of the Department of External Affairs contains funds for the support of the Department's International Trade Development programs, operating and capital costs, immigration and Northwest Atlantic Fishery activities and the Francophone Games. While Parliament might approve funding for the first four activities, it might not foresee the ability of Department officials to transfer funds from any one of them to the Francophone Games without further reference to Parliement.

7. At one point in 1989, errors on these new forms reached 90 per cent of all 1988 returns.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

SUMMARY OF VOTED ITEMS ($5M or Greater)
Included in Supplementary Estimates (B), 1989-90

DEPARTMENT PROGRAM ITEM	GROSS	TRANSFER	NET APPROPRIATION	VOTE INCR
Agriculture				
Management and Administration				
- Grape and wine sectors of Ontario and British Columbia	$32,704,000	-	$32,704,000	15
- Tobacco sector in Ontario, Quebec and Prince Edward Island	$10,892,000	-	$10,892,000	15
- Drought Assistance	$5,815,000	-	$5,815,000	15
Canada Council				
- Additional operating costs	$8,000,000	-	$8,000,000	25
Canadian Broadcasting Corporation				
- Additional operating costs	$16,337,000	-	$16,337,000	30
Employment and Immigration				
Corporate Management and Services				
- Task Force on Northern Cod Fishery	$5,477,000	$5,476,999	$1	1
Employment and Insurance				
- Canadian Jobs Strategy: Social Assistance Recipients	$5,000,000	$5,000,000	$0	10
- Canadian Jobs Strategy: Training Trust Funds and Cooperative Education	$7,713,000	$7,713,000	$0	10
Immigration				
- Additional operating and contributions resources: Refugee Determination	$5,258,000	$5,257,999	$1	15
- Additional operating and contributions resources: Refugee Determination	$10,500,000	-	$10,500,000	20
Immigration and Refugee Board of Canada				
- Additional operating and capital costs	$10,643,000	-	$10,643,000	30
Energy, Mines and Resources				
Minerals and Earth Sciences				
- Additional capital costs	$6,268,000	$1,395,000	$4,873,000	30

SUMMARY OF VOTED ITEMS ($5M or Greater)
Included in Supplementary Estimates (B), 1989-90

DEPARTMENT / PROGRAM / ITEM	GROSS	TRANSFER	NET APPROPRIATION	VOTE INCR
External Affairs				
Canadian Interests Abroad				
- International Trade Development Programs	$9,529,000	-	$9,529,000	1
Indian Affairs and Northern Development				
Indian and Inuit Affairs				
- Debt deletion	$8,828,780	-	$8,828,780	7
Regional Industrial Expansion				
Industry and Technology				
- Additional operating and capital costs	$14,997,900	$14,997,899	$1	1
Canadian Space Agency				
- Transfer from Department of Industry, Science and Technology	$40,574,000	$33,989,999	$6,584,001	33
Cape Breton Development Corporation				
- Forecast 1989-90 operating loss of the Cape Breton Development Corporation	$17,095,000	$17,095,000	$0	36
- Actual 1988-89 operating loss of the Cape Breton Development Corporation	$29,693,000	-	$29,693,000	36
Ministry of State (Science and Technology)				
- Grants under the 1989-90 Canada Scholarship program	$10,000,000	-	$10,000,000	60
National Research Council of Canada				
- Additional Operating Costs	$15,300,000	-	$15,300,000	65
National Defence				
- Transfer of Goose Bay Responsabilities	$7,204,000	-	$7,204,000	5
Taxation				
- Administer legislative initiatives	$13,718,000	-	$13,718,000	10
- Partial Restoration of Compliance programs	$14,153,000	-	$14,153,000	10

SUMMARY OF VOTED ITEMS ($5M or Greater)
Included in Supplementary Estimates (B), 1989-90

DEPARTMENT PROGRAM ITEM	GROSS	TRANSFER	NET APPROPRIATION	VOTE INCR
Canadian Transportation Accident Investigation and Safety Board				
Canadian Transportation Accident Investigation and Safety Board				
- Interim Agency operating and capital costs	$12,177,000	-	$12,177,000	46
Ministry of State (Multiculturalism and Citizenship)				
- Japanese Canadian Redress	$84,000,000	-	$84,000,000	15
Correctional Service				
- Addtional operating costs	$9,200,000	$4,000,000	$5,200,000	10
Supply and Services				
- Purchase of 4,000 shares pursuant to paragraph 3.1. (1) of the Royal Canadian Mint Act	$40,000,000	-	$40,000,000	L
Transport				
- Increased cost of the ''M.V. J.&C. Smallwood'' - Marine Atlantic Inc.	$12,000,000	-	$12,000,000	30
Treasury Board				
Government Contingencies and Centrally Financed Programs				
- Additional Requirements	$375,000,000	-	$375,000,000	5

SUMMARY OF EXPENDITURE FRAMEWORK AND ESTIMATES FOR 1989-90

Expenditure Framework at time of Main Estimates	
Budgetary Main Estimates	$131.0 billion
Projected Total Budgetary Estimates	$134.1 billion
Projected Budgetary Expenditures (includes consolidation of accounts)	$142.9 billion

ESTIMATES TABLED TO DATE FOR 1989-90

	TO BE VOTED	STATUTORY	TOTAL
	(in thousands of dollars)		
Main Estimates			
Budgetary	$42,939,511	$88,048,601	$130,988,112
Non-Budgetary	170,275	4,852	175,127
	$43,109,786	$88,053,453	$131,163,239
Supplementary Estimates (A)			
Budgetary	$ 435,929	-	$ 435,929
Non-Budgetary	-	-	$ -
	$ 435,929	-	$ 435,929
Supplementary Estimates (B)			
Budgetary	$ 808,258	$ 626,000	$ 1,434,258
Non-Budgetary	2,700	$ 40,000	$ 42,700
	$ 810,958	$ 666,000	$ 1,476,958
TOTAL ESTIMATES TABLED			
Budgetary	$44,183,698	$88,674,596	$132,858,294
Non-Budgetary	$ 172,975	$ 44,852	$ 217,827
	$44,356,673	$88,719,448	$133,076,121

Present Expenditure Framework	
Total Budgetary Estimates	$132.9 billion
Projected Total Budgetary Estimates	$134.1 billion
Projected Budgetary Expenditures (includes consolidation of accounts)	$142.9 billion

LIST OF ONE DOLLAR VOTES INCLUDED IN

SUPPLEMENTARY ESTIMATES (B) 1989-90

The 23 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I, according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "*".

A. Ten votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

B. Eight votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)

C. Five miscellaneous votes. (Additional explanations are provided in Appendix II.)

- One vote which increases the aggregate amount that may be paid pursuant to Section 12(1) of the Farm Credit Corporation Act;
- One vote which decreases the aggregate amount that may be outstanding under the Indian Economic Development Account - Indian Affairs and Northern Development;
- one vote which authorizes the Canada Mortgage and Housing Corporation to borrow money from other than the Crown.
- one vote which forgives an amount representing dividends by the Canadian National Railways - Transport; and
- one vote which writes-off certain debts due Her Majesty in Right of Canada - Veterans Affairs.

Estimates Division
November 6, 1989

APPENDIX I

LIST OF ONE DOLLAR VOTES IN SUPPLEMENTARY ESTIMATES (B), 1989-90

Page	Department/Agency	Vote	Categories		
			A	B	C
24	Agriculture	30b		X	
25	Agriculture - Farm Credit Corporation	50b			X
32	Employment and Immigration	1b	X		
33	Employment and Immigration	10b		X	
34	Employment and Immigration	15b	X		
43	External Affairs - Canadian International Development Agency	30b	*	X	
48	Indian Affairs and Northern Development	6b			X
52	Industry, Science and Technology - Regional Industrial Expansion	1b	X		
52	Industry, Science and Technology - Regional Industrial Expansion	10b		X	
53	Industry, Science and Technology - Regional Industrial Expansion	25b	X		
53	Industry, Science and Technology - Regional Industrial Expansion	30b	*	X	
54	Industry, Science and Technology - Canadian Space Agency	33b	X		
63	National Defence	10b		X	
66	National Health and Welfare Medical Research Council	65b	X		
69	Public Works	22b	X		
70	Public Works - Canada Mortgage and House Corporation	26b			X
71	Secretary of State - Multiculturalism and Citizenship	20b		X	
78	Transport	10b		X	
78	Transport	17b	X		
78	Transport	20b	X		
78	Transport	46b			X
88	Veterans Affairs	2b			X
89	Veterans Affairs	15b	X		

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes:

Farm Credit Corporation

Vote 50b — Pursuant to Section 12(1) of the Farm Credit Act to increase from $625,000,000 to $825,000,000 the aggregate amount that may be paid to the Corporation under this section ...

Explanation — The contributed capital of Canada in the Farm Credit Corporation is approximately $618 million, of an authorized aggregate amount of $625 million. The proposed increase in authorized aggregate amount of contributed capital to $825 million is to permit the conversion of a further $200 million of debt, owed by the Corporation to the Consolidated Revenue Fund, into contributed capital. The government announced a recovery plan for the Corporation in July 1988, including its intention to carry out the above conversion. The authorized capital of the Farm Credit Corporation was increased by $400 million in the 1989-90 Main Estimates to permit the initial conversion envisaged in the 1988 Recovery Plan. An increase in authorized capital for the Farm Credit Corporation through an Appropriation Act is explicitly provided for in Section 12(1) of the Farm Credit Act.

Indian Affairs and Northern Development

Vote 6b — To reduce from $70,000,000 to $64,000,000 the amount that may be outstanding at any time under the Indian Economic Development Account established by Indian Affairs and Northern Development Vote L53b, Appropriation Act No. 1, 1970.

Explanation — This item reflects a reduction of $6,000,000 as a result of the sale of a portion of the Indian Economic Development Fund to the Native Fisheries Association and to the Manitoba Indian Agricultural Development Corporation.

Canada Mortgage and Housing Corporation

Vote 26b — For the purposes of Section 101(b) of the Financial Administration Act, the Canada Mortgage and Housing Corporation is authorized to borrow money otherwise than from the Crown.

Explanation — In 1988, CMHC entered into a lease financing arrangement for its National Office Consolidation Project, under paragraph 28 of the CMHC Act. The transaction was subsequently determined to constitute a capital lease agreement. This $1.00 voted item seeks to ensure that the transaction will not be in conflict with paragraph 101(b) of the Financial Administration Act which limits the borrowing authority of Crown Corporations.

Canadian National Railways

Vote 46b — Pursuant to Section 25(4) of the Financial Administration Act, to forgive an amount of $47,644,192.20 due to Her Majesty in Right of Canada by the Canadian National Railway Company, Ltd. representing dividends for calendar years 1985 and 1987.

Explanation — This item will authorize the forgiveness of $47,644K representing dividends payable by CNR in respect of net income earned during the calendar years 1985 and 1987 (pursuant to CNR Capital Revisions Act). The forgiveness will assist CN in becoming financially more viable by improving its debt/equity ratio and providing partial compensation for the 1988 costs in connection with the operation and termination of TerraTransport. Proposed amendments to the FAA will allow GIC to set a flexible dividend policy and delete the dividend requirement in the CNR Capital Revisions Act.

Veterans Affairs

Vote 2b	(a) Pursuant to Section 25(2) of the Financial Administration Act, to write-off from the Accounts of Canada certain debts due to Her Majesty in Right of Canada amounting in the aggregate of $12,030.92; consisting of a loss on the sale of property, and the balance of a loan made under the Veterans Land Act, Parts I, II and III as amended by Vote L55, Appropriation Act No. 3, 1970; and (b) To authorize the transfer of $12,030 from Veterans Affairs Vote 5, Appropriation Act No. 3, 1989-90 for the purposes of this Vote.
Explanation	This includes the deletion of uncollectible loans due the Crown under the Veterans Land Act and in the amount of $1,469.58 with an additional $10,561.34 from a loss on the sale of property. Both of these amounts are to be recorded on the government's Statement of Assets and Liabilities, consistent with the Government's Debt Write-Off Regulations.

THE SENATE

Friday, December 8, 1989

The Senate met at 11 a.m., Hon. Gerald R. Ottenheimer, Acting Speaker, in the Chair.

Prayers.

THE LATE HONOURABLE ANN ELIZABETH BELL

SILENT TRIBUTE

The Hon. the Acting Speaker: Honourable senators, tributes will be paid to our late colleague, the Honourable Senator Bell, at the next sitting of the Senate.

In the meantime, I invite all honourable senators to stand and observe a minute of silence in her memory.

The members of the Senate then stood in silent tribute.

[*Translation*]

UNIVERSITY OF MONTREAL

TRAGEDY AT POLYTECHNIC INSTITUTE—EXPRESSIONS OF SYMPATHY

Hon. Gérald Beaudoin: Honourable senators, we could not believe it was true when we heard what had happened Wednesday at the Polytechnic School of the University of Montreal.

The brutal and senseless act which caused the death of 14 students at the Polytechnic School, young women on the threshold of their adult lives, has left the academic world and the entire country in mourning.

We cannot avoid wondering about the causes of this explosion of violence in a democratic society like ours and what we can do to prevent such occurrences.

Our heartfelt sympathy goes out to the bereaved families and the university authorities.

This chamber also sympathizes with the suffering of those who were wounded during this horrible tragedy.

[*English*]

The Hon. the Acting Speaker: I invite honourable senators to observe a minute of silence in memory of and respect for those who lost their lives in Montreal.

The members of the Senate then stood in silent tribute.

[*Translation*]

THE HONOURABLE JEAN BAZIN

RESIGNATION FROM THE SENATE—ANNOUNCEMENT AND TRIBUTES

Hon. Jean Bazin: Honourable senators, nearly three years ago, I had the honour and the privilege of being sworn in as the senator for the electoral division of De la Durantaye, in the province of Quebec.

As you may know, at the time I gave the matter much serious thought before I accepted this appointment. How could I reconcile this position with my personal professional life? At the time, I said that I had been a lawyer for 22 years and that I intended to go on being a lawyer for another 22 years.

My associates and myself then took steps to ensure that my professional career would be compatible with my status as a senator. I agreed to sit in the Senate while continuing my career as a lawyer.

During the past three years, I have tried to strike a balance between these responsibilities, while finding time for my family as well. However, I became extremely busy both as a member of my law firm and as a result of my senatorial responsibilities.

Speaking of the Senate, I am sure you are all aware of the changes that are taking place and the importance of the current debate, especially on the Senate's role as a fundamental institution of our democratic society and as an institution representing the regions. An elected Senate will probably be part of these changes.

We are seeing intense public debate that challenges every aspect of the Senate, a debate that will take up more and more of the time and energy of our colleagues.

Briefly, the Senate has undergone radical changes in three years, one of which is the increasingly obvious politization of debates on proposed legislation, mainly because of the fact that the Senate's role and operations are being challenged.

[*English*]

Allow me now to discuss briefly with you my professional career.

[*Translation*]

The legal profession as well has changed greatly in recent years. As president of the Canadian Bar Association, I participated very actively in it. We cannot help noticing that these changes have become more pronounced recently, with the globalization of legal services. It is no exaggeration to say that new associations, new visions and international groupings of law firms are coming into being all the time. In fact, a new association was announced just yesterday.

My own firm, Byers Casgrain, has just formed a national partnership with two other large Canadian firms, one in Toronto and one in Vancouver.

An international company has also been created and will operate under the name McMillan, Bull, Casgrain. This company will start with offices in Hong Kong, Shanghai and Taipei. I will be one of the principal partners and will be responsible for our dealings in Asia and the Pacific, among

other things. This announcement was made on December 1 and this is my first opportunity to talk to you about it since then. In this context, it seems obvious to me that a considerable amount of time will have to be spent on these new professional responsibilities. These time constraints will greatly reduce my ability to work in the Senate in an effective, responsible way. The Senate has changed. The profession has changed. My new responsibilities in the firm where I have worked for 25 years will keep me so busy that my work as a senator would suffer in the end.

Honourable senators, faced with a difficult but necessary choice, I chose law.

So it is with very great regret that I decided to submit my resignation from the Senate. I would obviously have preferred to inform you earlier, but this is the first day we have met since December 1.

In my years here, I took part in some very important debates for the future of the country, namely those on Bill C-22 to amend the Patent Act, the Meech Lake Accord and the Free Trade Agreement.

I also worked on the Senate Foreign Affairs Committee and learned a lot there.

On the Meech Lake Accord, about which I spoke on April 19, 1988, I would only add that I am concerned about what is happening now, as are all Canadians. I will repeat the question asked by André Laurendeau several years ago:

> Can anglophones and francophones live together and do they want to?

I would express the wish that the Senate become a special place for resuming the dialogue which is essential to our national life.

All in all, my participation in the Senate's activities during these critical years is already a highlight of my career.

In spite of everything, a choice had to be made and I chose law.

Honourable senators, I want to thank you for the welcome you gave me, your patience when I was learning and your friendship throughout these years.

To the Prime Minister, who conferred on me the honour of sitting in the Senate, to the leaders of my party, to the Leader and Deputy Leader of the Opposition in the Senate and to all those in this house with whom I had the honour and pleasure to work, I say simply, "Thank you".

I might add that it is not an easy decision in the circumstances but one that finally had to be made. I thank you.

Hon. Senators: Hear, hear.

[*English*]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I wish to take a moment of your time to express my sincere regrets regarding the decision our colleague has made.

In all the years I have known him, Senator Bazin has been active in many spheres. Those of us who have been associated with him have always considered ourselves privileged. He has been active not only in the profession of law, in which he has risen to the highest offices, including being President of the Canadian Bar Association, but also in promoting the theatre, the Montreal Symphony and the arts generally in his province. He has been a guiding, leading, organizing and major force in the establishment of the Progressive Conservative Party in the province of Quebec, and, indeed, in Canada. He is a man of tremendous talent and great ability and, in the brief time he has been with us, has made a major contribution to our deliberations. We have greatly valued his advice and participation.

I am sorry he has made the decision that he has, but it only increases the respect in which I hold him. By making this decision in these days of even closer scrutiny of the affairs of people in public life he has demonstrated that he is the epitome of honour and integrity. He obviously realizes that not only will his extra duties keep him from being here but they might also be perceived by some as being in conflict with the duties of a legislator. Appearances are as important as the reality, and, as I said, I respect and honour him for his decision.

• (1110)

I am sure that all of us wish Jean Bazin well in his career. He has already achieved a great deal; he has now set more targets and goals for himself, and I have no doubt that he will also achieve those. We thank him for his presence with us, we honour him for his decision, and we wish him well in the future.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I associate myself and my colleagues with the comments made by Senator Doody. I can understand why Senator Bazin has made the decision he has made. He has maintained an active role in the Senate while at the same time, as Senator Doody has pointed out, holding high offices as a lawyer, including the presidency of the Canadian Bar Association. I can say, as many others here can, that he is one of the most respected lawyers in the country, and his presidency of the Canadian Bar Association is testimony to that fact. Senator Doody has said that Jean Bazin is a hard-working citizen and is known as a very responsible one. His eminence in the field of law is equalled by his eminence as a responsible and successful citizen of this great country of ours. He has always performed both roles seriously and yet with great amiability and charm.

I did not know Jean Bazin until he became a senator. So, at a very personal level, and I am sure that others share my feeling, I am glad he became one, because it gave me the opportunity to get to know him and I can now count him as a friend. He is, of course, a lifelong Tory, but in his case I find it hard to hold that against him.

If I may, I should like to say a word of empathy about the position Senator Bazin finds himself in. He has maintained a more active role as a lawyer than I have recently. However, in my more recent role as a lawyer, I served as counsel to a firm

in Perth and counsel to a firm in Toronto—really, I played a very minor role, not being a partner but simply counsel, and I had been counsel to both firms before I was appointed to the Senate. But even though my activities kept getting less and less involved in the law, I still experienced occasions of discomfort about the appearance of conflict between the roles of lawyer and legislator. I was not always comfortable with the fact that I was on the letterhead of a law firm, even only as counsel, and recently not active even as that, as there could appear, as Senator Doody has said, to be some occasion for conflict. So this fall, after 40 years as a lawyer, I took advantage of a provision in the regulations of the Law Society of Upper Canada; I took the opposite option to the one Senator Bazin has taken: I resigned as a lawyer. I am still a member of the Law Society and I still receive my law reports. I try to keep up with what is going on and I maintain my membership in the Canadian Bar Association, but I am not permitted to give legal advice or to practise law. Although I have stayed on with the firm in Perth and my name is still on the letterhead, the word "retired" appears next to it. This perhaps boring detail, honourable senators, is my way of telling you that I occasionally found my dual role uncomfortable. As someone who went to a law office twice a month, I understand how impossible it would be for Senator Bazin to be a managing partner of a huge firm without daily moments of discomfort about apparent conflicts of interest; although you and I know that in any case of such conflict he would always choose the same responsible and honourable way he has done here.

As for myself and my colleagues on this side, I am glad to have had the opportunity of getting to know Jean Bazin. We congratulate him and thank him for that portion of his life devoted to the Senate, and we wish him well in the continuance of an eminent career in the law.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Azellus Denis: Honourable senators, just a few words to express my regrets that Senator Bazin has chosen to leave us for another career where society will be ably served by his integrity and competence.

I realized during his remarks—indeed I was witness to this—that he did much to enhance the reputation which honest and qualified people deserve.

Among other things, you referred to the Meech Lake Accord. As a matter of fact, with the assistance of your colleagues and ours, you managed to have the Senate endorse the Meech Lake Accord. For that I congratulate you. If, however, you really want to continue the fight outside the Senate, you will be in a position to put your skills and competence to good use during weekends or during the week. You will be able to try to make it a success, for nothing more can be done here. The accord was debated and voted on. You took part in the debate and I commend you for that. Henceforth, any Senate debate on the Meech Lake Accord would be practically useless. The debate might serve some purpose in those provinces which appear to be reluctant. That is where

[Senator Frith.]

our colleagues who, despite the vote, are not opposed to the accord should go. There they might try to voice their opposition to people who reject the Meech Lake Accord. Those are the only places where Meech can still be debated, not in the Senate where the vote was unanimous.

I see my friend Senator Beaudoin. I discussed the matter at length with him personally. He is a competent senator. We have heard him talk about the Meech Lake Accord in the House of Commons, in committees and elsewhere. He is a qualified legal adviser who can also lend a hand to the provinces and make them understand that the interest of the country would be served if they were to approve the accord and at the same time respond to Senator Bazin's question: Does Canada need two languages or the two peoples, or can we live in harmony and, if not, how best can we sort things out?

I would suggest that Senator Bazin, competent, honest and well-known as he is, join Senator Beaudoin and go to those provinces where the Meech Lake Accord which your government brought forward has yet to be approved.

Again I wish you good luck and much success in your career which has already begun and where you have already made a name for yourself.

[*English*]

• (1120)

Hon. Norman K. Atkins: Honourable senators, this morning, before the Senate was called to order, Senator MacDonald said to me, "Your friend, Senator Bazin, is going to drop a bombshell on you this morning!" Well, he was quite correct when he made that statement. I must say that I am really surprised to hear of Senator Bazin's decision, although I respect it and understand it. I also know that those of us who have had the privilege of being appointed to the Senate sometimes have the challenge of making certain choices and decisions regarding our own careers, and I respect Jean Bazin for what he has done.

I simply want to say that Senator Bazin and I have been friends and associates for almost 25 years. It is fair to say that we have been in many political battles together and, for me, it has always been a great privilege to work with Jean Bazin in the political process. I had the tremendous honour of being our party's campaign co-chairman with him in the 1984 federal election. Needless to say, over a period of a number of months we worked very closely together and so I know, from personal experience, his real interest in the country, in the political process, and in the issues that we are confronted with as Canadian citizens.

As I have already said, I respect his decision. Quite frankly, when he was appointed, I thought it was a great appointment, and I am sorry to hear that we, in the Senate, are losing one whom I consider to be an outstanding individual. All I can do is wish him the very best of luck in his future endeavours.

Hon. Duff Roblin: Honourable senators, I am as surprised as anyone else to receive the news that our colleague, Senator Jean Bazin, has decided to leave this chamber. I must say that it is a great loss, because those who have had, as I have, the

opportunity to watch him at work, not only in the caucus of our own party but also in the committees of the Senate, particularly the Foreign Affairs Committee, cannot have failed to note that here was a man of ability and competence who had a contribution to make that was, indeed, valuable.

People do, however, what the spirit prompts them to do, and I respect the fact that my colleague has decided to leave this chamber. I can only hope that we shall be able to find a replacement who is his equal in terms of the contribution that a person can make.

I have known Jean Bazin for a long time, and from the very first time I laid eyes on him in the province of Quebec, in the city of Montreal, I realized that I was making the acquaintance of an unusual personality—a quiet man, a man of competence and ability, and certainly a man of very strong principle. I rejoice in the fact that many years ago, during certain political activities that were taking place, I had the good fortune to make a friend in Senator Jean Bazin.

I might add, for the benefit of the Deputy Leader of the Opposition, that Jean Bazin plays a pretty good game of squash, although my recollection is that he was never able to beat me in those days. Perhaps he wants time to brush up his game a little.

What I really want to do is pay tribute to Senator Bazin, to tell him that I think he is an outstanding citizen of this country, that he is a splendid representative of his native province, that I regret the fact that he will not be continuing in his labours in this particular arena, and to offer him every good wish for success in whatever else he does in life.

I think this is a sad moment. It is perhaps a commentary on the way in which the world at large looks at men and women in political life, and that one has to take such measures in order to protect the reputation and the position of people in public as opposed to private life. It is sad that there is no more the possibility, as there was in days gone by, of a man's playing a vigorous role in both fields at the same time, but that may be a fact of life and, if I may say so, of modern communications.

My purpose in standing, however, is to say that I regret my friend is going. I thank him for the leadership he has shown in this chamber and out of it in the public life of our country and wish him every good fortune and success in what he does in the days that lie ahead.

Hon. Senators: Hear, hear!

[*Translation*]

APPROPRIATION BILL No. 4, 1989-90

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-50, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990.

Bill read first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

PROPRIETY OF CONDUCT OF THE HONOURABLE SENATOR COGGER

FIRST REPORT OF SPECIAL COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Eymard G. Corbin: Honourable senators on behalf of Senator Ottenheimer, I have the honour to present the first report of the Special Committee of the Senate on the Propriety of the Conduct of Honourable Senator Cogger, with respect to the power of making special expenditures pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

(*For text of report, see appendix, p. 794.*)

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

On motion of Senator Corbin, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-EIGHTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc: Honourable senators, I have the honour to present the twenty-eighth report of the Standing Committee on Internal Economy, Budgets and Administration, concerning the supplementary budget for the Standing Senate Committee on Agriculture and Forestry.

A Clerk at the Table:

Friday, December 8, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-EIGHTH REPORT

Your Committee—

Some Hon. Senators: Dispense!

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

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that this report be now adopted.

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

Hon. Duff Roblin: Honourable senators, some of us have not heard what is in the report, much less had a chance to read it. Surely we should be given more information before being asked to deal with it.

Senator LeBlanc: Honourable senators, I am in the hands of the Senate, obviously, but I am not the one who asked that we dispense with the reading of it. It is a short report and it could have been read.

Senator Roblin: If my honourable friend would read it now, perhaps it would help matters.

A Clerk at the Table:

Friday, December 8, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-EIGHTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Agriculture and Forestry for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Wednesday, October 4, 1989. The said supplementary budget is as follows:

Professional and Other Services	$11,500.00
Transportation and Communications	11,064.00
TOTAL	$22,564.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

BUSINESS OF THE SENATE

On Reports of Committees:

Hon. Roméo LeBlanc: Honourable senators, I have two other reports of this type and I see no great urgency for their adoption today. I would, however, make a recommendation with respect to the system. When I want to move the adoption of a report on the day on which it is presented, I suggest that copies be distributed immediately or before I rise so that senators will have the report before them, especially when it is on the subject of budgets, which can contain a number of arithmetical calculations.

[Senator LeBlanc.]

On the other hand, I know that senators will be tolerant of our moving immediate adoption, especially in cases of emergency. We have to assess whether or not we have perhaps abused the privilege of immediate adoption. Having said that, I think that we should keep Senator Roblin's admonition in mind.

Hon. Royce Frith (Deputy Leader of the Opposition): Agreed.

Hon. Duff Roblin: Honourable senators, my friend, the chairman of the committee, is an experienced parliamentarian and he knows exactly what I am getting at here. I appreciate very much his constructive suggestion.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-NINTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Friday, December 8, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-NINTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Special Committee of the Senate on Terrorism and Public Safety, appointed to review the recommendations contained in the Report of the Special Committee of the Senate on Terrorism and Public Safety, entitled: "Terrorism", tabled in the Senate on 10th August, 1987, authorized by the Senate on Tuesday, May 9, 1989. The said supplementary budget is as follows:

Professional and Other Services	$7,572.54

Respectfully submitted,

ROMÉO LEBLANC
Chairman

The Hon. the Acting Speaker: When shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

THIRTIETH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Friday, December 8, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRTIETH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Committee on Standing Rules and Orders for the proposed expenditures of the said Committee with respect to its examination and consideration of amendments to the *Rules of the Senate*, as authorized by Rule 67(1)(*f*). The said budget is as follows:

All Other Expenditures $2,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Order of the Day for consideration at the next sitting of the Senate.

BUSINESS OF THE SENATE

ADJOURNMENT

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

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 12th December, 1989, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Senator Doody: I should first thank honourable senators for coming back at such short notice for a situation that the government considered, and still considers, an emergency. The government had asked that this back-to-work legislation be passed as quickly as possible. Some members of the other place did not agree with that diagnosis and have decided to prolong the debate. Up until today we were not sure that the government would not be successful in persuading the opposition in the other place to let the legislation through. We learned just a few moments ago that the government would do everything it could to move the legislation through, and to that effect it is introducing the necessary motions today.

It seems unlikely that we will receive the legislation before Tuesday, and perhaps it will be a day or so later than that if they proceed with all of the steps. In any event, should the legislation arrive over the weekend, we reserve the right to ask senators to come back on Monday. That, however, seems highly unlikely at this point.

I understand that the legislative committee in the other place will be sitting over the weekend to try to deal with the legislation. But even if it goes through the normal steps under the closure rule, it should not reach us until the middle of next week at the earliest.

I want to thank honourable senators for coming back at such short notice and to apologize to them for having brought them back needlessly. In my explanation I have given all of the details I have at the present time.

Motion agreed to.

QUESTION PERIOD

THE SENATE

ABSENCE OF GOVERNMENT LEADER FROM CHAMBER

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should mention that Senator Murray, the Leader of the Government in the Senate, is in Newfoundland today—the lucky man—and he will not be able to join us for Question Period. However, I would be pleased to take as notice any questions honourable senators may have.

ANSWERS TO ORDER PAPER QUESTIONS
VISIT OF PRESIDENT OF ICELAND

ANSWER TO ORDER PAPER QUESTION No. 19 TABLED

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a reply to a written question, No. 19 on the order paper, which stands in the name of Senator Marshall. It is a rather weighty reply. I ask leave to table it rather than have it printed and, with the permission of the Senate, I would so move.

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

Hon. Senators: Agreed.

Answer tabled.

VETERANS AFFAIRS

WAR VETERANS ALLOWANCES ACT—FINANCIAL BENEFITS FOR DEPENDENT CHILDREN

Question No. 26 on the Order Paper—**By Hon. Jack Marshall:**

31st October, 1989—How many dependent children are in receipt of financial benefits under the *War Veterans Allowances Act* and what was the amount allocated in the past ten years?

Reply by the Minister of Veterans Affairs:

There are 4,525 dependent children in receipt of financial benefits under the WVA Act. Amount allocated in the past 10 years: Approximately $112 million.

The Senate adjourned until Tuesday, December 12, 1989, at 2 p.m.

APPENDIX

(*See p. 791*)

PROPRIETY OF CONDUCT OF THE HONOURABLE SENATOR COGGER

FIRST REPORT OF SPECIAL COMMITTEE
OF THE SENATE

FRIDAY, December 8, 1989

The Special Committee of the Senate on the propriety of the conduct of Honourable Senator Cogger has the honour to present its

FIRST REPORT

Your Committee, which was authorized by the Senate on Thursday, November 9, 1989, to inquire into and report on allegations that have been made about the propriety of the conduct of Honourable Senator Cogger in the context of appropriate standards of conduct for Members of the Senate, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

GERALD OTTENHEIMER
Chairman

"With leave of the Senate,
The Honourable Senator Doody moved, seconded by the Honourable Senator Flynn, P.C., :

That a special committee of the Senate be appointed to inquire into and report on allegations that have been made about the propriety of the conduct of Honourable Senator Cogger in the context of appropriate standards of conduct for Members of the Senate;

That five Senators, to be designated at a later date, three of whom shall constitute a quorum, act as members of the special committee;

That the special committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day be ordered by the committee; and

That the special committee have power to retain the services of professional, clerical and stenographic staff as deemed advisable by the committee.

The question being put on the motion, it was--
Resolved in the affirmative."

GORDON L. BARNHART
Clerk of the Senate

APPENDIX (A) TO THE REPORT

SPECIAL COMMITTEE OF THE SENATE ON THE PROPRIETY OF THE CONDUCT OF HONOURABLE SENATOR COGGER

APPLICATION FOR BUDGET AUTHORIZATION FOR THE FISCAL YEAR ENDING MARCH 31, 1990

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Thursday, November 9, 1989:

The budget was approved by the Committee on the 5th day of December, 1989.

SUMMARY

Professional and Other Services	**$ 24,000.00**
Transportation and Communications	**500.00**
All Other Expenditures	**500.00**
TOTAL	**$25,000.00**

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Gerald Ottenheimer

Chairman, Special Committee of the Senate on the propriety of the conduct of Honourable Senator Cogger

Date: December 6 , 1989

Approved by:

Roméo LeBlanc

Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: December 6, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services	
Legal Counsel	$24,000.00
Transportation and Communications	
Telegrams and Telephones Postage and Freight	500.00
All Other Expenditures	
Contingencies	500.00
TOTAL	$25,000.00

APPENDIX (B) TO THE REPORT

WEDNESDAY, December 6, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Special Committee of the Senate on the propriety of the conduct of Honourable Senator Cogger for the proposed expenditures of the said Committee with respect to its inquiry on allegations that have been made about the propriety of the conduct of Honourable Senator Cogger in the context of appropriate standards of conduct for Members of the Senate, as authorized by the Senate on Thursday, November 9, 1989. The said budget is as follows:

Professional and Other Services	$ 24,000.00
Transportation and Communications	500.00
All Other Expenditures	500.00
TOTAL	$25,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

THE SENATE

Tuesday, December 12, 1989

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

Prayers.

[*Translation*]

OFFICIAL LANGUAGES

REFERRAL OF REPORT OF SECRETARY OF STATE FOR 1988-89 TO STANDING JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

HOUSE OF COMMONS
CANADA

Thursday, December 7, 1989

ORDERED,—That a message be sent to the Senate to acquaint Their Honours that the report of the Secretary of State concerning his official languages mission for 1988-89 (Sessional Paper No. 342-1/565) has been referred to the Standing Joint Committee on Official Languages.

ATTEST

ROBERT MARLEAU
Clerk of the House of Commons

[*English*]

ENERGY SUPPLIES EMERGENCY ACT ACCESS TO INFORMATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-4, to amend the Energy Supplies Emergency Act and to amend the Access to Information Act in consequence thereof.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*Translation*]

STANDING RULES AND ORDERS

FIRST REPORT OF COMMITTEE PRESENTED

Hon. Gildas L. Molgat, Chairman of the Standing Committee on Standing Rules and Orders, presented the following report:

Tuesday, December 12, 1989

The Standing Committee on Standing Rules and Orders has the honour to present its

FIRST REPORT

Pursuant to Rule 67(1)(*f*) of the *Rules of the Senate of Canada*, your Committee recommends the following amendments:

(a) Strike out Rule 5(*b*) and substitute the following:

"(*b*) "committee" means a committee of the whole, a select committee, whether standing, special or legislative, or a joint committee;"

(b) Strike out Rule 67(2) and substitute the following:

"(2) Any bill, message, petition, inquiry, paper or other matter may be referred, as the Senate may decide, to any Committee."

(c) Add the following subsection to Rule 67:

"(3) A legislative committee shall be composed of not more than twelve members."

Respectfully submitted,

GILDAS MOLGAT
Chairman

The Hon. the Speaker: When shall this report be taken into consideration, honourable senators?

On motion of Senator Molgat, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

SECOND REPORT OF COMMITTEE PRESENTED

Hon. Gildas L. Molgat, chairman of the Standing Committee on Standing Rules and Orders, presented the following report:

Tuesday, December 12, 1989

The Standing Committee on Standing Rules and Orders has the honour to present its

SECOND REPORT

Pursuant to Rule 67(1)(*f*) of the *Rules of the Senate of Canada*, your Committee recommends that Rule 67(1) be amended by adding a new paragraph (*p*) as follows:

"(*p*) The Standing Committee on Aboriginal Peoples, composed of twelve members, four of whom shall constitute a quorum, to which may be referred, as the

Senate may decide, bills, messages, petitions, inquiries, papers and other matters relating to the Aboriginal Peoples of Canada."

Respectfully submitted,

GILDAS MOLGAT
Chairman

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

On motion of Senator Molgat, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

EXCISE TAX ACT
EXCISE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Sidney L. Buckwold, chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, December 12, 1989

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FOURTH REPORT

Your Committee, to which was referred Bill C-20, An Act to amend the Excise Tax Act and the Excise Act, has, in obedience to the Order of Reference of Thursday, November 9, 1989, examined the said Bill and now reports the same without amendment, but with the following observations:

Clause 8 of the Bill, which moves the point of laundry detergent taxation to the wholesale level does raise some concerns in the minds of some Committee members. It represents an attempt to rectify a competitive imbalance caused by the sales tax as well as close what the Government of Canada views as a tax "loophole". Although there are numerous examples of such problems caused by the federal sales tax, the Government has chosen to "correct" the problem in only one product area. Some members of the Committee are concerned about the selectivity of the Government's actions, which penalize one company, Unilever Canada Ltd., which is engaging in the legal practice of operating a marketing subsidiary.

Your Committee is also concerned with the slow passage of this Bill through the House of Commons, a delay which has cost the Government of Canada substantial, additional borrowing charges as a consequence of withheld tax remittances.

Respectfully submitted,

SIDNEY L. BUCKWOLD
Chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Sidney L. Buckwold: Honourable senators, with leave, I move that this bill receive third reading later this day.

Hon. Royce Frith (Deputy Leader of the Opposition): That makes it clear where we stand on this matter, but I think it is Senator Balfour's move as sponsor of the bill.

Hon. James Balfour: Honourable senators, with leave, I move that this bill be read the third time now.

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

Hon. Senators: Agreed.

Hon. Duff Roblin: Honourable senators, I have a few words to say before the bill is voted on.

Senator Frith: I think it is the intention of the chairman of the committee to say something about it now.

• (1410)

Senator Roblin: Good. I want to hear it.

Senator Buckwold: Honourable senators, I first of all want to tell you that being chairman of this committee is not easy. If you think things go through without a fight, you can take a look at this arm and you will realize that a little twisting has to go on occasionally. In this case, it happened to the chairman.

Honourable senators, the committee has approved without amendment Bill C-20, which is an act to implement the sales and excise tax measures announced in the April 1989 federal budget. The changes include increases in federal sales tax rates as well as excise tax rate increases on tobacco and alcohol products.

Bill C-20 raises the rate of the general sales tax by one and one half percentage points, while the other rates are increased by one percentage point. The new sales tax rates are as follows: 13.5 per cent in general; 19 per cent on alcoholic beverages and tobacco products; 11 per cent on telecommunications services and telecommunications programming services; 9 per cent on construction materials and equipment for buildings.

With respect to the excise measures contained in the bill, the excise levies are increased significantly for cigarettes and other tobacco products. The excise tax on gasoline is increased by one cent per litre commencing April 28, 1989, followed by another one cent per litre increase on January 1, 1990. Leaded gasoline will have an additional one cent per litre tax applied beginning on April 28, 1989.

In testimony before the committee officials of the Department of Finance noted that this combination of excise and sales tax increases would increase prices in Canada by about 1 per cent. The measures in this bill will therefore account for as much as one fifth of the price rise anticipated for 1990. Given the strong anti-inflationary stance of the Bank of Canada, we

note the irony of a fiscal policy that increases prices in the face of the monetary policy that has as its main thrust the control of inflation, which, of course, is done by very high interest rates. What I am really trying to say to honourable senators is that the government, in its wisdom, in raising sales and excise taxes, has, by its own estimate, increased the cost of living in Canada in a year by 1 per cent. I must say that my personal figures bring it up closer to 1.5 per cent. That is a very substantial burden to add on to the already heavily taxed people of Canada and on to our effort to control inflation.

Bill C-20 does contain two measures to provide relief to some of those taxpayers. It extends for one year the fuel tax rebates paid to primary producers and it provides a new sales tax exemption for machinery and equipment used by toxic waste treatment plants.

The sales tax changes are designed to generate about $2 billion in 1990, after which they are supposed to be replaced by the goods and services tax. The excise measures should raise about $1.6 billion in revenue in 1990 and generate further amounts in subsequent years. I think, honourable senators, that it is almost startling to see what a small increase in these taxes means to the treasury of Canada. For example, the sales tax increase from 12 to 13.5 percent for a full year will bring in $1.6 billion next year. Take the excise tax increases on cigarettes, for example. In spite of the fact that people do not smoke as much as they did, increasing the cigarette excise levy by $4 per carton will raise, in 1990, $770 million. Anybody who thinks that this country has stopped smoking should look at these figures.

The increase in excise tax on gasoline will raise, from April 28, 1989, this year, $215 million and next year will bring in $320 million. These are the kinds of figures we are talking about when we look at what seems like a modest increase in the various taxes. Of course, they are setting a base, when we remove the sales tax, for the goods and services tax. We might keep in mind that when we talk about 1991 and the goods and services tax, we will be starting at a much higher base than we otherwise would have.

Honourable senators, Bill C-20 also contains what the Department of Finance terms "minor technical amendments". One of these changes, the imposition of sales tax on laundry detergents at the wholesale level, turned out not to be just another "minor technical amendment".

The Standing Senate Committee on Banking, Trade and Commerce heard testimony from two of the major laundry detergent manufacturers, Unilever Canada Limited and Procter & Gamble Inc., from officials of the Department of Finance and from the Minister of State (Finance), the Honourable Gilles Loiselle. As a result of the committee's study, a number of interesting facts came to light.

While the federal sales tax is ostensibly a manufacturers' sales tax designed to be levied at the manufacturers' level, in practice this is not always so. Some domestic manufacturers employ an integrated corporate structure and their products are taxed on the basis of costs inclusive of distribution and marketing expenditures. Imports, on the other hand, are taxed on a duty paid basis, exclusive of distribution and promotion costs. As a result, some integrated domestic manufacturers have legally separated their marketing and production operations in order to reduce the cost basis on which the sales tax is applied. This, I might add, is a perfectly legitimate arrangement for reducing tax liabilities and has been used by a number of different companies, including laundry detergent manufacturers.

[Senator Buckwold.]

The federal government has been promising to plug this so-called tax loophole associated with related marketing companies since at least June 1987. The 1987 white paper on sales tax reform proposed several means by which to deal with the problem of related marketing companies, one of which was the imposition of a federal sales tax at the wholesale level for a number of different products. These products included household chemicals such as soap, laundry detergents, cleaning material, bleaches, air fresheners, waxes and polishes, pet litter, games, toys, sporting goods and equipment, records and audio and visual tapes and disks.

In the February 1988 budget the government proposed taxing all goods at the manufacturers' trade level based on manufacturing costs plus profit. As a result of this proposal, it was deemed unnecessary to proceed with the June 1987 proposals to shift the sales tax to the wholesale level for the host of previously mentioned goods.

The April 1989 budget withdrew the February 1988 proposal—if senators are following this complicated scenario—to tax goods on the basis of manufacturers' cost plus profit because of the additional compliance and administrative burden involved and in view of the short period before the proposed introduction of the goods and services tax. Despite these reservations, the government decided to proceed with the imposition of the federal sales tax at the wholesale level for a single product—laundry detergents.

● (1420)

I mention this history of change in government policy regarding the federal sales tax because it has seriously affected the competitive environment in which two companies operate. The first company, Unilever Canada Limited, set up a separate marketing company in 1986, before the government proposed the changes to the imposition level of the federal sales tax. A second company, Procter & Gamble, abandoned plans to restructure its operation in a similar manner after the June 1987 white paper proposals. Procter & Gamble reconsidered restructuring after the June 1987 proposals failed to materialize, but subsequent proposals by the government again forestalled management from taking this step, which would involve substantial time and money for the companies to implement.

In the meantime, of course, Procter & Gamble's competitor, Unilever Canada Limited, continued to enjoy the competitive advantage of operating with a related marketing company structure, a device that saved the firm a considerable amount of sales tax. Honourable senators, when we talk about "considerable", we are talking about a figure of $5 million, $6 million or $7 million in tax.

Procter & Gamble estimated that the restructuring of Unilever has cost the federal treasury, since 1986, in total, $15 million. Also, if Procter & Gamble and the other large producer of household chemicals had restructured, at least another $70 million in tax revenue would have been lost.

In response to charges that they are operating with an unfair competitive advantage, Unilever Canda Limited has pointed out that the option to restructure and operate with a related marketing company is open to all firms in the industry. Indeed, it is an option that Procter & Gamble considered before deciding to wait for federal legislation in this area. However, with Bill C-20, it seems to Unilever that the government is interfering to address a competitive situation between firms that the marketplace is equipped to resolve. Furthermore, it can be argued that the decision by Unilever to restructure represented corporate foresight and that Unilever should not be penalized by the government's intervening in Procter & Gamble's favour.

Honourable senators, there is one thing that is clear from these soap wars, and that is that the continual changes to government tax policy make it extremely difficult for companies to plan effectively. In the case of laundry detergents, this created a competitive inequity between Unilever Canada Limited and its competitors—a competitive situation that the government has now felt obliged to step in and correct by way of clause 8(1) of Bill C-20.

The committee has made every effort to ensure speedy passage of this bill while at the same time giving it careful scrutiny. I am sure the Senate will do so also, and that is why I was very pleased that this bill received assent to have third reading today. You will see why as I continue.

Unfortunately, honourable senators, this was not the case when the bill proceeded through the House of Commons, which took six months to deal with it. While the speed of the legislative process in the House of Commons is not normally the concern of this chamber, the slow passage of this bill has had a significant effect on the finances of the Government of Canada.

Honourable senators, many of the provisions of this bill are already in effect and the new taxes are being collected. However, until such time as Bill C-20 receives Royal Assent, which we hope will be today, the taxpayers are not required to remit these new tax levies. In fact, we heard evidence from the Department of Finance that a substantial amount of tax remittance had been returned to a taxpayer upon request. I might just say that when we raised this question with the minister, Mr. Loiselle, last week, he agreed in fact that it was shameful that the bill had been so long delayed in going through the other place; not only have literally hundreds of millions of dollars been withheld by major taxpayers, especially in the excise tax field, but one large company, which paid the tax without thinking about the fact that it did not have to, had the—if you will excuse the word—chutzpah to go back to the government and ask for a $200 million refund, which it did get back, and the government, of course, lost the interest revenue on that very immense sum of money. I am just saying that we have heard evidence in this regard, and the Minister of State for Finance has informed the committee that large taxpayers are not remitting the new taxes on tobacco products and gasoline.

The extent of withheld remittances is not known precisely. We estimate that as much as $1.3 billion of the 1989 taxes will not be remitted until this bill is passed. The cost of this delay to the federal treasury, our advisers have been estimated, is about $40 million in lost interest charges on the amount that has not been paid. Our committee did not wish to contribute to this cost; consequently, we have dealt with this bill expeditiously and, despite our concerns, have decided to report the bill without amendment.

Senator Frith: Honourable senators, if I might just add a footnote to what Senator Buckwold has said, it is quite clear from the latter part of his speech that there is a distinction between the words "in effect", as he used them, and "legally in effect". I think the tradition for all governments with respect to tax changes has been to operate as if the tax changes were legally in effect and the taxes were legally owed, even though the necessary legislation had not been passed. The reason for following that tradition, as I understand it, is to allow taxpayers to arrange their affairs on the basis of tax legislation that everyone expects will, in due course, legally come into effect, and, although it is not yet in effect, most taxpayers deal with such legislation as if it were in effect. So we do have to distinguish between the words "legally in effect" and "in effect" in that latter sense. That is why the company referred to was able to get a rebate on taxes it had paid, and it is why other companies are successfully withholding payment until the legislation is passed and the taxes are legally owing.

Senator Roblin: Honourable senators, the report given by the chairman of the committee prompts a few observations on my part.

I should like to start by expressing some appreciation for the even-handed and steady way in which he manages our affairs in the committee; I would also express to the committee members some appreciation for the fact that they have dealt with this matter in reasonably expeditious terms.

I am not sure that I would reprobate the government as my friend does for the tardy progress of this bill in the House of Commons, because, although I have not studied its progress there in detail and am therefore open to correction, it seems to me that in that place the government proposes and the opposition disposes. It may take the combined efforts of both the government and the opposition in the other place to account for the slow passage of this bill, which makes it all the more satisfactory, at least to me, that the Senate has dealt with this matter in the way it has.

• (1430)

I would not entirely endorse every opinion my friend has expressed when reporting on the work of the committee. The main reason for the action with respect to subsection 8(1), which caused us so much concern in the committee, was a desire on the part of the government to staunch the loss of

revenue. I do not really give them credit for seeking to balance the situation as between parties in trade. That may have been a consideration, but it certainly was not the prime mover. The prime mover was to staunch the loss of revenue. It indicates the difficulties that we have experienced over the years with the manufacturers' sales tax. This is a prime example of why it is not working well and why it is unfair both to domestic producers within the country and to those who have to deal with imported goods that are subject to this tax.

This is a prime example of what is wrong with the manufacturers' sales tax and with this business of bringing in single industry measures such as this one. Incidentally, it is far from the first—there have been a good number before on roughly the same terms as the one we are dealing with today. The fact that this kind of thing has to be done indicates the problems we have with the manufacturers' sales tax.

You may not all agree with the remedy that is proposed, but the defects of the tax are indisputable and would not be challenged by anyone in the committee on that basis.

The other point I should like to make has to do with the question of inflation. It must be admitted that when governments increase taxes there is the possibility—indeed, the probability—that that will have an effect on inflation. It may be that the effect of this bill is as great as my honourable friend says, but the driving force behind the bill is something else. The driving force behind the bill that is raising this large amount of money is the deficit. As long as we have a deficit we will have to have either more taxes or reduced expenditures so that the deficit can be reduced. Somehow, one way or another, we will have to deal with this question. The time is rapidly approaching when it can no longer be avoided.

As I say, the driving force behind this bill is the need to raise money to reduce the deficit. When so many of us are reluctant to approve of any decrease in expenditures it behooves us to give some consideration to that fact. On the one hand, any major economy that is proposed immediately calls into the ranks the special interests concerned with it and the political special interests that have a view on the matter, so that we never find any great enthusiasm for reducing expenditures; on the other hand, we never find any enthusiasm for increasing the taxes. We are in a cleft stick.

I have some sympathy with the Minister of Finance, who needs to raise the money. He has presented this bill to us with essentially that thought in mind.

These were just a few random thoughts that occurred to me as we were dealing with this matter and I appreciate having had the opportunity to express them. I also want to reiterate my satisfaction with the way in which the committee is being conducted. I thank the members of the committee for their prompt action in dealing with this particular piece of legislation.

Motion agreed to and bill read third time and passed.

[Senator Roblin.]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

12 December 1989

Sir,

I have the honour to inform you that Her Excellency the Right Honourable Jeanne Sauvé, Governor General of Canada, will proceed to the Senate Chamber today, the 12th day of December, 1989, at 4.45 p.m., for the purpose of giving Royal Assent to a Bill.

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

The Honourable
The Speaker of the Senate
Ottawa

DEPARTMENT OF INDUSTRY, SCIENCE AND TECHNOLOGY BILL

REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Lorna Marsden: Honourable senators, I have the honour to present the eighth report of the Standing Senate Committee on Social Affairs, Science and Technology, which report deals with the examination of Bill C-3, to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act, and to make other consequential amendments to other acts.

I ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and that it form part of the permanent records of this house.

Either after the Clerk Assistant has read the report or, if the timetable does not permit, on third reading I would request leave to say a few words.

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

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 816*).

[*Translation*]

The Clerk at the Table: The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its eighth report.

[*English*]

Your Committee, to which was referred Bill C-3, an Act to establish the Department of Industry, Science and

Technology, to repeal the Department of Regional Industrial Expansion Act and to make consequential amendments to other acts, has, in obedience to the Order of Reference of Wednesday, June 28, 1989, examined the said Bill and now reports the same without amendment but with observations and recommendations.

The Committee received testimony from fifteen witnesses (see Appendix I—Witnesses).

[*Translation*]

A) Observations

Based on an examination of Bill C-3 and on testimonial evidence presented during Committee hearings, your Committee is of the view that there are serious problems in five areas, being: the scope of the objectives; the impact of the structure of the new department on science and technology; strategies for promoting investments; foreign ownership of Canadian companies; the approach to regional development. Each of these concerns will be more fully discussed—

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if I am not mistaken, the Chairman of the Committee, Senator Marsden, will speak in the debate either today or tomorrow to explain this report in detail. That being so, I feel that we can dispense with the reading of the report. Meanwhile, I hope that we will have the opportunity to read the document itself.

[*English*]

Is that right? I suggest we put it to later this day in the event that we have the time, but we do want to deal with the report of the National Finance Committee and the Appropriation Bill. There may be time at least to start dealing with it, and then we can continue it tomorrow if the debate is interrupted by the appearance of Her Excellency.

Hon. Duff Roblin: If we are to deal with it later this day, I assume copies of the report will be distributed in advance.

Senator Frith: That is the point I was trying to make.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. R. James Balfour: With leave of the Senate, later this day.

The Hon. the Speaker: With leave of the Senate and notwithstanding rule 45(1)(*b*), it is moved by the Honourable Senator Balfour, seconded by the Honourable Senator Robertson, that this bill be read the third time later this day.

Senator Frith: I think not, Your Honour. I think the intention of the honourable senators is that consideration of the report be deferred until later this day.

• (1440)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, His Honour is correct in that that is what the Scroll reads. However, the Scroll is incorrect, so the report stage will be dealt with later this day.

Senator Frith: That is what I said.

On motion of Senator Balfour, report placed on the Orders of the Day for consideration later this day.

[*Translation*]

INTERNATIONAL ASSEMBLY OF FRANCOPHONE PARLIAMENTARIANS

SEVENTH ASSEMBLY OF AMERICAS REGION—NOTICE OF INQUIRY

Hon. Paul David: Honourable senators, I give notice that on Tuesday next, the 19th December, 1989, I will call the attention of the Senate to the activities of the Canadian Section of the International Assembly of Francophone Parliamentarians at the Seventh Assembly of the Americas Region, held in Halifax and in the Acadian Region of southwestern Nova Scotia, from 2nd to 6th November, 1989.

[*English*]

OFFICIAL LANGUAGES

REPORT OF SECRETARY OF STATE FOR 1988-89 REFERRED TO STANDING JOINT COMMITTEE

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

That the Report of the Secretary of State on his mandate with respect to official languages for the fiscal year 1988-89, tabled in the Senate on December 8, 1989 (Sessional Paper No. 342-433), be referred to the Standing Joint Committee on Official Languages; and

That a Message be sent to the House of Commons to acquaint that House accordingly.

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

Hon. Senators: Agreed.

Motion agreed to.

THE SENATE

TELEVISION AND PHOTOGRAPHY POOL AUTHORIZED TO RECORD ROYAL ASSENT CEREMONY

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

That a television camera as well as a still photography pool be permitted in the Senate Chamber today to record the Royal Assent Ceremony.

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

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Leave is granted on the condition that the government realizes that it owes us one!

Hon. M. Lorne Bonnell: Is it just one camera?

Senator Doody: Honourable senators, it is my understanding that this will be the last Royal Assent ceremony at which Her Excellency the Governor General will be able to appear in person. There may be other Royal Assent ceremonies before we adjourn for the Christmas season—

Senator Phillips: Let us hope!

Senator Doody: —but, of course, that depends on the disposition of the chamber and the mood of the legislators.

Senator Frith: A very sure-footed choice of language there!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I hope the deputy leader can give the assurance that this sudden effort to capture the pageantry of our Royal Assent ceremony forever is not a prelude to a major effort to terminate Royal Assent altogether.

Senator Doody: Honourable senators, if anybody in this chamber can be convinced that the Royal Assent ceremony will not be terminated forever it should be my honourable friend opposite, who has made it his business to see that our puny little efforts to do so have not met with even the least semblance of success. I can assure him that my counting is as accurate now as it was in our last effort, and I feel reasonably certain that any other attempt will be met with the same measure of success.

Senator MacEachen: You could be harbouring subversive thoughts!

Senator Doody: I am, yes. I must say that if my counting ever changes, even by one vote, I will see to it that we have another run at it.

Senator Frith: You had better watch those subversive thoughts you are harbouring!

Senator Doody: I do a daily count. In any event, with reference to the photography pool, the last time that term was used in the chamber it was by my friend opposite, and I made a mocking reference to a large amount of water on the Senate floor, but that will not be the case. Apparently, a still photographer and a television photographer will be in the gallery and a still photographer will be circulating the chamber taking appropriate shots for posterity, if I may use that expression.

Senator Bonnell: Honourable senators, can the Deputy Leader of the Government tell us whether it will be a CBC camera, a CTV camera, a parliamentary channel camera, an ITV camera—or what television channel will have this privilege?

Senator Doody: Honourable senators, I do not know the gender of the particular camera, but, as I said, it is a pool camera, and whatever priceless tidbits of information it picks up in scanning our activities will be made available to the media generally.

Senator Bonnell: Will the people of Canada be able to see—

Senator Flynn: You?

Senator Bonnell: —the Governor General on the parliamentary channel?

[Senator Bonnell.]

Senator Doody: Honourable senators, I feel reasonably certain that such will indeed be the case, and if the honourable senator wants a few minutes to contact the local stations in Prince Edward Island I think we can make that arrangement for him.

Senator Marshall: It's good that you wore your blue suit, Lorne!

Senator Bonnell: I need my red tie.

Motion agreed to.

QUESTION PERIOD

THE CONSTITUTION

MEECH LAKE ACCORD—CONSULTATIONS BETWEEN MINISTER OF STATE FOR FEDERAL-PROVINCIAL RELATIONS AND PROVINCIAL PREMIERS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, would the Leader of the Government give us some details or some information on his recent visits to a number of provincial premiers with respect to the Meech Lake Accord? In reply to questions that I put on an earlier occasion the minister stated, as I recollect, that his purpose was, if possible, to discover whether there was common ground among the dissenting premiers. Was any common ground found, and, if so, what are the elements of that commonality?

Senator Flynn: Your question shows that you worry a lot about the accord.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I still have seven provinces to visit. As the Honourable the Leader of the Opposition has mentioned, I have met with two premiers, those of Newfoundland and New Brunswick, and in Manitoba with the task force on the accord. In all cases I was invited to remain in touch with my interlocutors, and perhaps even to go back to those provinces at some time, but certainly to remain in touch. Meanwhile, I must confess that there are and continue to be wide divergencies in the approaches taken by the three provinces concerned. While I found that there is a sincere interest on the part of all concerned to work toward a solution, and a desire to close this chapter in our constitutional history, still, the gap among the three provinces is considerable.

CONCEPT OF PARALLEL ACCORD—GOVERNMENT POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): I thank the Honourable the Leader of the Government for advising us that the search for common ground is not easily attainable or not easily concluded, that what he has discovered is wide divergencies among the three dissenting premiers.

Senator Flynn: They reflect your views!

Senator MacEachen: Honourable senators, may I ask the Leader of the Government whether his reference to a parallel accord, which I read about in the newspapers, is intended to indicate that the Government of Canada has now endorsed the concept of a parallel accord as part of a constitutional solution?

• (1450)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the Leader of the Opposition is correct to refer to the parallel accord as a concept, because at the moment nobody has defined precisely what it might entail procedurally much less what it might contain substantively. A parallel accord could be anything from a political agreement at one end to an agreement by all parties on the constitutional text at the other end, and there is a wide variation—not an infinity of possibilities but quite a few possibilities—in between.

It seemed to me in discussion with the Premier of New Brunswick, whose concept it is, that the idea of a parallel accord, a companion resolution, a political agreement, whatever it is or might be, was a much more promising concept than the idea of attempting to reopen, renegotiate or amend the present Meech Lake Accord. That is a prospect I find daunting, to put it mildly. I think the chances of pulling that off successfully would be very long indeed.

Senator MacEachen: I thought the minister said he believed in miracles; or maybe I misunderstood or misread him. Is it true that he did say that a solution to the situation now would require a miracle? Is it in that level of possibility that it would require a miracle?

Senator Murray: I was attempting to instruct the media in the difference between major miracles and minor miracles. I thought it would take a major miracle to successfully reopen, renegotiate and amend the present Meech Lake Accord. But I was really borrowing an expression the Prime Minister used many weeks ago when he said that, if a miracle happened and unanimity could be constructed around some proposal or alternative set of proposals, he would have a look at that. The chances are exceedingly slim.

Even the concept put forward by Premier McKenna is difficult enough, because it too, as I read it, would require unanimity.

Senator MacEachen: What we are left with is the hope that a miracle will take place. That is the policy of the government now with respect to Meech Lake.

Senator Murray: I remind the honourable senator that it is the season.

Senator MacEachen: I will not be disbelieving if it happens.

GUN CONTROL

PROHIBITION OF AUTOLOADING RIFLES AND DUMDUM BULLETS—REQUEST FOR REPRESENTATIONS TO ATTORNEY GENERAL

Hon. Paul Lucier: Honourable senators, in light of the tragedy in Montreal last week, I wonder if the Leader of the Government in the Senate would make representations to the Attorney General regarding autoloading rifles and dumdum bullets. I am referring to the type of rifle used in the Montreal tragedy.

I was encouraged by the Prime Minister's words last week when he said that it is just unfortunate in Canada that it is easier to get an automatic rifle, or an autoloading rifle, than it is a passport. The Minister of Justice did not seem to share that view. He seemed to think there would be no legislation of any kind prohibiting that kind of firearm.

Could representations be made on behalf of the Senate in an effort to prevent that type of rifle from being sold under the guise of being necessary for sportsmen or hunters? Honourable senators, I have been a sportsman, a hunter and a gun collector and there is no need, in my opinion, for anyone to have that kind of gun for hunting.

Senator Frith: Hear, hear!

Senator Lucier: No one needs to use that kind of gun for hunting. A true hunter would not use one; if he does, he should not be allowed to. If prohibiting the sale of that type of rifle takes away any of my rights, I am prepared to put up with that in order to prevent a recurrence of the kind of tragedy that occurred in Montreal.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I appreciate the intervention of the honourable senator. I can tell him that the Minister of Justice, Mr. Lewis, certainly does share the concerns expressed by the Prime Minister on this matter and that he has been and is working actively with his department on a policy that will be presented to Parliament, I trust in the not too distant future.

Senator Lucier: Honourable senators, I know that several lobbyist groups, such as the National Rifle Association and those who believe in the right to bear arms, will bring tremendous pressure to bear to see that this does not happen, but I should like to assure him that, if he makes those representations on our behalf, I, and I am sure many of my colleagues, would be willing to fight all the way on this. There is no need for anyone in Canada to have an automatic or an autoloading rifle or dumdum bullets under any circumstances.

Some Hon. Senators: Hear, hear!

ETHIOPIA

STARVATION IN NORTHERN PROVINCES—GOVERNMENT AID

Hon. Lorna Marsden: Honourable senators will be aware from reading newspapers that the tragedy of starvation in

northern Ethiopia is once again in the news, especially in Welo, Tigray and the northern provinces of that country.

I should like to ask the Leader of the Government in the Senate what the government of Canada is doing and is prepared to do in this situation, especially since the Government of Ethiopia is probably not willing, and is certainly not in a position, to be very helpful in delivering supplies to people who are already in a grim state of starvation.

I have four specific questions: What is the Government of Canada doing in a direct fashion to secure the welfare of people in those northern provinces of Ethiopia? What is it doing indirectly through our national development agencies? What is it doing indirectly through international agencies? And what is the timing of the help that can be given to the people in Ethiopia?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I may wish to consult further with cabinet colleagues on some of the matters raised by the honourable senator.

Meanwhile, I can tell her and the Senate that the government has already approved $17.6 million in emergency relief assistance this year to Ethiopia. Of that assistance $13.3 million is allocated to Canadian nongovernmentalist organizations and $4.25 million to the World Food Program and UNICEF. They will ensure that it is delivered to needy people, primarily in the north of the country. I am informed that the first shipment of 2,000 tonnes arrived in Massaua in mid-October.

My information from the Department of External Affairs on this matter, which is dated yesterday, states that, according to the best information available, sufficient food stocks are on hand or in the pipeline to meet the needs of those people reachable through existing channels at least until April 1990. Because of the much worsened security situation in the north, the major difficulty this year will be in reaching many of the affected people. I am told that Canada is already working on the means to provide additional food and relief assistance; we are also urging the Government of Ethiopia and the rebels to establish and respect open roads from the nearest ports through the contested areas to the people most seriously affected. I am further informed that an interdepartmental crisis committee has been set up, is monitoring the situation and is preparing contingency plans as the situation evolves.

THE SENATE

ELECTION IN ALBERTA TO FILL VACANCY—REQUEST FOR UPDATE AND ATTITUDE OF OTHER PROVINCES

Hon. Joyce Fairbairn: Honourable senators, I have a question following on the line of questioning put by the Leader of the Opposition. It has been almost two months since the people of Alberta selected by election a candidate for appointment to the Senate. Could the Leader of the Government in the Senate indicate whether the Prime Minister and Mr. Getty have had an opportunity to discuss this? Has the Prime Minister, indeed, had an opportunity to meet Mr. Waters? Could he just bring us up to date on the Alberta vacancy?

[Senator Marsden.]

• (1500)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am not aware that the Prime Minister or any of my colleagues have met with Mr. Waters, nor am I aware of any discussions between the Prime Minister and Premier Getty on this matter. So far as the filling of the vacancy is concerned, as with all other vacancies in the Senate, it is ultimately the prerogative of the Prime Minister to recommend a name to the Governor General. I am not in a position, of course, to speculate on when the Prime Minister might do that.

Senator Frith: You are in a position to, but you do not think it prudent.

Senator Fairbairn: I have a supplementary. In his discussions with his counterparts in other provinces, has the government leader in the Senate detected any enthusiasm or, indeed, any comment from other provinces on the process that was used in Alberta to make this choice for their candidate?

Senator Murray: Honourable senators, I think I can say quite categorically that the subject has not come up.

Senator Frith: It has not?

PHARMACEUTICAL INDUSTRY

CONNAUGHT LABORATORIES—FOREIGN TAKEOVER APPLICATIONS—GOVERNMENT ACTION

Hon. Jack Austin: Honourable senators, I should like to ask the Leader of the Government a question about Connaught BioSciences Inc. As is well known, a decision is believed to be pending on the interests of two groups of foreign investors in acquiring control of the Connaught labs and business. Can the minister indicate to us whether a decision has been made and recommended by Investment Canada to the minister, the Honourable Harvie Andre, and when he might be in a position to announce a decision?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I listened carefully to Senator Austin's question. I think I should state for the record that the Investment Canada Act does not empower the government to choose, as it were, between two companies that have proposals in this area. The duty of Investment Canada and of the government is to determine whether, in each case, the transaction would be of net benefit to Canada. That matter is still under review by the government and by Investment Canada. As a matter of fact, I do believe that, as the law provides, we sought and received agreement on an extension of the deadline from both groups, and I believe the deadline expires some time this month.

Senator Austin: The minister is quite right that the role of Investment Canada is to determine whether, in either case, there is a net benefit. As the minister knows, the original bid of Mérieux was assessed by Investment Canada not to have a

net benefit to Canada. While Investment Canada is looking at the net benefits in each of these cases, the minister, the Honourable Harvie Andre, is also the minister of a department shortly to be known as Industry, Science and Technology. In this respect he has a responsibility to further Canadian science and its commercial success. I wonder whether Mr. Andre and the government are able to proceed on both tracks at the same time, examining the benefits to Canadian science and the ownership of Connaught by one or the other of the foreign investors.

The minister looks puzzled, so I will put a question specifically that was implied. Has the government given serious consideration to the possibility that Connaught labs would remain within Canadian ownership and would receive benefits of a specific policy of scientific advancement within the biosciences so that Canada could develop this knowledge base within this country on a competitive basis internationally and employ Canadians on the leading edge of those bioscience technologies?

Senator Murray: Honourable senators, as to the last part of the final sentence of the honourable senator's question, that, of course, is the objective. The honourable senator is aware that efforts by a group including Canadian interests to acquire Connaught did not succeed. He is also aware, I believe, that, in general, all of the qualified opinions I have seen or heard on this subject are to the effect that in the interests of its own future as a world class company Connaught must make a move, and make it soon—and the live proposals on the table are the ones that the honourable senator referred to in his first question.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—REQUEST FOR GOVERNMENT RECONSIDERATION

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Leader of the Government in the Senate. Over the weekend in Atlantic Canada we had quite a winter storm, during which we lost many lives at sea off the coasts of Prince Edward Island, the Magdalen Islands, Anticosti Island, Newfoundland and Nova Scotia because of high winds. At the same time the Prince Edward Island Medical Association has made a statement to the effect that more lives will be lost in Prince Edward Island, in particular the lives of premature infants under thirty weeks of gestation when born, if Canadian Forces Base Summerside loses its search and rescue service.

Since the Premier of Prince Edward Island and the Prime Minister of Canada are to meet within a week or so to discuss again the closure of Canadian Forces Base Summerside, and considering the fact that these tragedies are taking place and that lives can be lost by moving the base from Summerside, can the Leader of the Government tell us whether the government is giving any consideration to keeping the search and rescue operations at the base?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will obtain a written reply to the representations that have been made by the honourable senator.

FISHERIES

CLOSURE OF FISH PLANTS IN ATLANTIC PROVINCES—FINANCIAL ASSISTANCE AND RETRAINING PROGRAMS FOR LAID-OFF WORKERS

Hon. M. Lorne Bonnell: Honourable senators, I have another question. I read in the *Globe and Mail* that 1,562 jobs are being lost in the fishing industry in Newfoundland and Nova Scotia because of the National Sea closures, partly because of the Free Trade Agreement and partly because of the Portuguese, Spaniards and French catching their fish. Many jobs are being lost, and the Minister of Fisheries has stated that more jobs will be lost. The government has known for some time that these jobs would be lost, because they set up a committee six months ago to study the problem. Mr. Siddon said yesterday that more fish plants would be closed when the government announced further cutbacks in fish quotas later this month.

I understand that he said that many millions of dollars would be made available to assist some of the communities and those people who have lost their work. Does that apply only to those people who have lost their work through National Sea closures or does it include people who have lost work through plant closures in New Brunswick as well as in Nova Scotia, Newfoundland and Prince Edward Island, whether those plants belong to National Sea or to other people?

● (1510)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I should first point out that the cabinet committee was set up, as the honourable senator mentioned, six months ago in response to the widely heralded possibility of considerable reductions in the total allowable catch for northern cod. At the same time the government established a committee under Dr. Harris. We established the total allowable catch for the present year at 235,000 tonnes and asked Dr. Harris and a group of experts to attempt to verify the scientific evidence on that matter. We set up a task force to examine the economic impact of the various scenarios in Newfoundland and another group to do the same with regard to the particular problems in the Scotia-Fundy area, largely in Nova Scotia.

The announcements made yesterday by my colleagues, Mr. Crosbie in Newfoundland and Mr. Mackay in Nova Scotia, stated that we would bring to bear all of the existing programs, most of them under the Honourable Barbara McDougall, the Minister of Employment and Immigration, that are available in cases such as this; in particular, the industrial adjustment service, the various skills investment and training programs available under CEIC and the Program for Older Workers' Adjustment, which is under the authority of the Minister of Labour and involves a federal-provincial agreement. In addition to that, we announced that we would make available

certain community development funds in those communities that are particularly affected.

Senator Bonnell: Could the Leader of the Government tell us what type of development he sees for some of those one-industry towns that are going to lose their fish plants? There is no sense in training people to cut fish, because there are no fish to cut. There is no sense in training people how to package fish better when there are no fish to package. What will the government train people to do under those programs? Has the minister any real program to make work in those communities or to transport some of the federal departments of government to them so as to have civil service jobs there?

Senator Murray: Honourable senators, the question as to what people could be trained for or what programs would be available for these one-industry towns is one that will be before the officials of those departments who are on the scene now in those places to see what assistance can be provided. The programs are flexible enough to provide any training or upgrading of skills in any number of areas. Certainly the community programs are flexible enough to take advantage of any opportunities that present themselves and to create new opportunities.

In that connection, I can simply mention in passing two localities, one in Pictou County, Nova Scotia, and another in the Port-aux-Basques area of Newfoundland, where community development funds are in operation and have, indeed, succeeded in encouraging a number of small businesses to locate. These have created a substantial number of new jobs.

The programs are flexible, the funds are available, and the government has the people on the ground to exploit every opportunity that presents itself or, indeed, to create new opportunities for gainful employment in those areas.

Senator Frith: And God is in his heaven and all is right with the world!

CLOSURE OF CANSO, NOVA SCOTIA FISH PLANT—REQUEST FOR REPORT ON FUTURE OF RESIDENTS

Hon. John B. Stewart: Honourable senators, I have a supplementary question. The minister has spoken optimistically about the efficacy of the communities development program. Would he undertake to get a report on what government officials on the ground, to borrow his words, are reporting with regard to the bright future for the people of the town of Canso in Guysborough County, Nova Scotia?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will be glad to bring in from time to time progress reports on the situation in Canso. I know, as does the honourable senator, of the almost complete dependency of that community on the fishery and on the fish plant that is to be closed there. But I tell him that, even allowing for the utter dependency of the community on that industry, we believe it is worth a try to bring in such programs as POWA, community development funds and community futures and the range of training and business development programs that are available. We believe it is useful to bring those to bear on that community and to work with it and the industry to try to create some alternative employment and alternative economic activity there.

[Senator Murray.]

DIVERSION OF CANSO FISH QUOTA TO OTHER PORTS—PROTECTION OF INTERESTS OF RESIDENTS

Hon. John B. Stewart: Honourable senators, Canso, I am told, is the site of the first permanent fishing settlement in mainland North America. Ships landing fish there have had access to offshore fish for centuries. Now it would appear that the government is going to acquiesce in the transfer to other ports of the shares of quotas of fish which, over the years, have been landed at Canso. Will the minister assure the Senate that that is not the intention of the government?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my honourable friend will have read the statement made by the president of the company that is closing that plant. As the honourable senator knows, that company itself is in some financial difficulty, as evidenced by its third-quarter results. The statement of the president of the company is that they are taking these decisions at Canso, North Sydney and elsewhere in order to protect some thousands of jobs that exist and that are dependent upon the company. The statement of the president of the company also is that they have tried to share the pain, as it were, by having temporary shutdowns across the whole system of plants that they operate and that that really has not worked as a solution, because the problem is one of serious overcapacity in their industry.

I am not sure what the honourable senator is asking me about quotas, but the final decision on quotas for next year will be made and announced, I would think, before the end of this month.

Senator Stewart: Honourable senators, I am disappointed that the Leader of the Government in the Senate has taken unto himself the role of spokesman for National Sea Products. National Sea Products is a private company which has its own interests. The company is now engaged in rationalization or adjustment, which I think is the word that is used nowadays.

Senator Frith: The word is "downsizing".

Senator Stewart: "Downsizing" is it?

Senator Frith: Yes.

Senator Stewart: The continental adjustment is one interest. There is another interest, which is that of the Government of Canada in protecting the people of Canada. As I said initially, traditionally a share of the offshore fish caught off Nova Scotia and Newfoundland came to the port of Canso. Now, if I understand the minister, National Sea, which, of course, has its own interest, is to be allowed to divert that fish away to other ports. Perhaps they have a large plant elsewhere which they can run for longer hours or more economically. I am not questioning that possibility.

• (1520)

However, what I am suggesting is that the interests of the people of Canada and the interests of National Sea are not identical. Therefore, I hope that the Leader of the Government in the Senate will review his response to determine whether he can see and defend the interests of the people of the Canso area as distinct from the interests of the shareholders of National Sea Products.

Senator Murray: Honourable senators, with great respect, I do not need the homily of the honourable senator to encourage me to do that.

Senator Stewart: That is reassuring, at any rate!

Senator Murray: What the honourable senator is trying to suggest is that there should be—or perhaps that there has been—some system of community quotas at play here. I have to say for the record—I do not have to tell the honourable senator, because he knows—that the total allowable catch is distributed as between the offshore and the inshore, and then allocated among the various companies that are in business. That is how I understand the situation.

Also, as I understand it, there are not, and have not been—not under the honourable senator's government nor under the present government—what I would call community quotas. If the honourable senator wishes to make a case for that, he can do so. Perhaps a case can be made, but that is not the system that we have been working with in this country.

PRESERVATION OF CANADIAN FISHERY FOR CANADIAN INTERESTS—GOVERNMENT ACTION—PROSECUTION OF U.S. FISHING VESSEL CAPTAIN AND OWNERS

Hon. John B. Stewart: Honourable senators, I have a different question for the Leader of the Government in the Senate. Over the weekend there was a report that a Canadian Forces destroyer had come into collision with an American fishing vessel, *Concordia*, out of New Bedford, Massachusetts. I understand that *Concordia* succeeded in evading *Saguenay*, after having inflicted some damage on *Saguenay*, and then returned to the safety of American waters.

In view of the shortage of fish, to which the minister has just now referred, and in view of the fact that instances of blatant American fishing on the Canadian part of Georges Bank have been reported from time to time in the past, what new action does the government now intend to take to ensure that this Canadian fishing ground is preserved for the benefit of hard-pressed Canadian fishing companies and hard-pressed Canadian fishermen?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the Canadian destroyer took pretty effective action. Secondly, I have no doubt that charges under the Coastal Fisheries Protection Act will be laid upon the return of the fisheries officers to Halifax at the conclusion of *Saguenay's* patrol. We are engaged both in surveillance and in enforcement measures in this respect.

Senator Stewart: Honourable senators, the Leader of the Government in the Senate says that *Saguenay's* action was effective. Does that mean that *Concordia* was taken into custody and will be returned to Halifax or some other Canadian port where a charge can be laid under Canadian law, a charge to be tried in a Canadian court? Is that what he means when he says it was effective?

Senator Murray: What I mean is that the charge will be laid in a Canadian court. Secondly, I should tell the honourable senator that I have been told that United States officials have also boarded *Concordia*, so this situation is still evolving and there may be more to report within a day or two.

Senator Stewart: I would agree that the situation is evolving, but my understanding is—and I am subject to correction on this—that when an offending vessel is arrested in American waters, the personnel are charged under U.S. law and tried in U.S. courts. Did I understand the minister to say that the captain and the owners of the vessels will be hailed into court in Canada under Canadian law? Is that what he is saying?

Senator Murray: Honourable senators, my information is that the charges under the appropriate statute, which is the Coastal Fisheries Protection Act, will no doubt be laid when *Saguenay* returns to port in Halifax.

Meanwhile, we have formally requested the U.S. authorities to take all appropriate prosecutions against the captain and owners of the vessel. We have also called in representatives of the U.S. embassy and lodged a protest with them.

Senator Stewart: The U.S. charges will undoubtedly be tried in U.S. courts.

Senator Murray: I would think so, honourable senators.

POSSIBILITY OF FINDING FOREIGN MARKETS FOR NOVA SCOTIA SILVER HAKE

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Leader of the Government in the Senate. I understand that there is a large quantity of silver hake presently off the south coast of Nova Scotia. Many of the foreign fleets are allowed to catch all the silver hake they wish. Is there any possibility that the Minister of Fisheries would seek out a market for those silver hake so that our Canadian fishermen could catch those silver hake and thus sell them abroad?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall take that question as notice.

PROTECTION OF CANADIAN FISHERMEN

Hon. M. Lorne Bonnell: Honourable senators, I have one other question concerning the Minister of Fisheries. The other day I turned on my television set and saw a broadcast of the Minister of Fisheries standing in the other place saying that the Americans were not catching any fish in Canadian waters. In other words, he was protecting American fishermen by saying that they do not catch fish in Canadian waters.

On the same day, in a newspaper, I read a report that an officer of *Saguenay* said that *Concordia* was chased out of Canadian waters after catching Canadian fish. My question to the Leader of the Government is: When will the Minister of Fisheries protect Canadian fishermen rather than American fishermen?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am finding it difficult to follow the honourable senator. He was talking about something he saw on television, or thought he saw, or heard. He then spoke of something else that the Minister of Fisheries had said to a question that did not seem to bear much relation to the preface.

In any event, I shall examine the question when it appears in *Debates of the Senate*, and I shall see that my colleague, Mr. Siddon, does likewise and that he provides me with any comments he believes are appropriate on this matter at that time.

Senator Bonnell: Just to make it a little clearer for the Leader of the Government in the Senate, let me say that the Minister of Fisheries stated, while standing in the other place, that American fishermen were not fishing in Canadian waters. In the same news broadcast they talked about *Saguenay* chasing *Concordia*, which was carrying Canadian fish out of Canadian waters, and, apparently, once they got into American waters *Saguenay* did not chase them any further. Honourable senators, obviously either the officer on *Saguenay* is lying or the Minister of Fisheries is not telling us the truth.

Senator Murray: Honourable senators, I am not sure that that further question really adds anything useful to the discussion, but I will certainly see that Mr. Siddon has a copy of those comments as well and, again, that he will offer any comments that he deems appropriate.

[*Translation*]

THE CONSTITUTION

MEECH LAKE ACCORD—POSSIBILITY OF QUEBEC'S AGREEING TO AMENDMENT OR PARALLEL ACCORD—STATE OF "SEAMLESS WEB"

Hon. Azellus Denis: Honourable senators, I have a question for the Leader of the Government in the Senate. Earlier, the Meech Lake Acccord was mentioned. It would seem that the Accord has not met with widespread acclaim. I wonder, since one of the friends of the Leader of the Government in the Senate, Senator Gérald Beaudoin, is a constitutional expert, whether his knowledge and skills could be applied to seeking a new way to deal with the situation.

In an article in *Le Devoir*, reported in the December 12 issue of *Quorum*, I read that the New Democratic Party was prepared to amend Meech Lake, provided the five conditions set by the Quebec Government were maintained. Consequently, if those conditions are maintained, perhaps, with your help and that of Senator Beaudoin, we could go back to Quebec City and find out whether the Quebec government would be amenable to amending Meech Lake or to a parallel motion for a solution, provided the five conditions were maintained. As long as Mr. Bourassa has his five conditions, wouldn't there be a way to reach a settlement? Perhaps not by way of an amendment because, as you said, that would take months and months, and there would always be objections for some reason or other.

In the circumstances, it would also make sense to go to Quebec City, bearing in mind what the New Democratic Party said, that respecting the five conditions set by the Quebec government would be enough.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, we are still waiting for the New Democratic Party and its new leader, Ms. McLaughlin, to define their position and explain how we could meet the five conditions set by Quebec while amending the present accord.

I can inform the honourable senator, the Senate and Ms. McLaughlin that the provincial governments and the federal government spent nine or ten months in 1986-87 drafting the constitutional amendments that would be necessary to meet the claims or conditions set by Quebec. These constitutional resolutions or amendments constitute the Meech Lake Accord. Therefore, there is no other way to meet the conditions set by Quebec. In my opinion, there is no alternative to what we have now.

Senator Denis: Clearly, Meech Lake gives more benefits to the provinces than what was requested by the Premier of Quebec.

So, for instance, the five conditions could be met and a parallel accord could include additional conditions, as approved, that could be amended either by adding to or substracting from the accord, as long as the five conditions are left intact.

Do you agree that means the accord contains more than the Premier of Quebec asked for?

Senator Murray: Honourable senators, I agree that it is my objective and that of the federal government to build something on Meech Lake. We don't want to lose what we have already gained. What we have now is an accord that has been ratified by the federal Parliament and seven provinces. We can always improve on the Constitution. That is what everybody wants.

• (1530)

[*English*]

Hon. Sidney L. Buckwold: I have a supplementary. Is the phrase that was used earlier, that the Meech Lake Accord is "a seamless web," still appropriate or are there a few cracks in the seams somewhere?

Senator Murray: Absolutely, honourable senators, and it is just this point I was making in my earlier replies to the Leader of the Opposition. The more one travels and meets with governments, which have different proposals to amend, change or add to the Meech Lake Accord, the more one sees that there is no one alternative being proposed; and the alternative

that is before us that has the largest measure of support, having been ratified by the Parliament of Canada and seven provinces, is in fact the Meech Lake Accord.

Senator Frith: There is always only one alternative.

[*Translation*]

Senator Denis: It could be done without changing the accord, which would remain as is, with the addition of the three or four demands made by New Brunswick, Manitoba and Newfoundland.

Hon. Jacques Flynn: It changes the substance.

Senator Denis: You would not be changing Meech Lake at all. It would just mean adding three of four articles to the accord to meet the demands of those who are opposed to it. We are talking about three provinces with a modest number of demands.

Senator Murray: Honourable senators, it has been clear from my discussions with the provinces that some suggestions are aimed at improving certain aspects of the existing Constitution.

We could perhaps address these suggestions in a so-called parallel accord or a political agreement or by any other means. However, there are other suggestions, from Newfoundland and Manitoba in particular, that are aimed at amending Meech Lake and which would require reopening discussions on Meech Lake in order to amend the accord.

That is the problem, and that is the challenge facing us in the months to come.

Senator Denis: A parallel accord does not amend Meech Lake. The suggestions made by these provinces can be included in the parallel accord and they would not change the five conditions. They could be accepted by the province of Quebec and Mr. Bourassa. It doesn't hurt to try. So far, you have not been very successful with your attempts in these three provinces.

If the five conditions set by Mr. Bourassa are left intact, what objection would you have—

Senator Flynn: They will not be accepted.

Senator Denis: —for instance, if we did something for the Native people or for women?

Senator Murray: Honourable senators, the Premier of Newfoundland, for instance, rejects the interpretative clause on the distinct society.

He is the only Premier who believes that this clause gives Quebec special legislative status.

He wants to take it out of the accord, which would require an amendment to the present accord.

The Premier of Newfoundland rejects out of hand a provincial role in appointments of justices to the Supreme Court of Canada. He wants to strike this provision from the present accord, which would of course require an amendment to the accord.

Obviously, we cannot make all the changes requested by the Premier of Newfoundland and the Manitoba Task Force without amending the existing accord.

Senator Denis: Could the Leader of the Government in the Senate at least transmit to the province of Quebec the suggestions made by the three provinces? You reported to the Senate that you have not been very successful.

You have not been very successful, because you claim the province of Quebec would not consider these suggestions. It doesn't hurt to try, to meet the Premier of Quebec and report on the suggestions made by these three provinces, so that we will know once and for all whether it is Quebec's fault or the fault of both parties.

Senator Murray: Honourable senators, the suggestions made by Manitoba, Newfoundland and New Brunswick are public knowledge. They are well known.

Secondly, I may add that Quebec is not the only province to reject the recommendations made by the other provinces. In the case of the amending formula, for instance, the Manitoba Task Force suggested that the amending formula concerning the Senate should be seven provinces with 50 per cent of the population.

The Government of Alberta, however, objects to this recommendation. The Alberta minister said that Manitoba's recommendation would make his province a second-class province.

Quebec is not the only province that has a problem with the recommendations by various governments for amending Meech Lake.

Hon. Royce Frith (Deputy Leader of the Opposition): It's more like Meech Lake discord!

Senator Denis: So you think such an attempt would be useless?

Senator Murray: Honorable senators, I will have to consult with the seven other provinces before drawing any conclusions from my consultations.

• (1540)

[*English*]

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

> That the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Senator Stewart: Honourable senators, I wish to say a word of explanation. The committee has before it Bill C-10, relating

to the forgiveness of certain debts. The committee has just about completed its consideration of the bill, and we were hoping that at our meeting today we could finish our work on that bill and possibly agree to report the bill. If my motion carries, our committee will meet at four o'clock to deal with the agenda established for today's meeting.

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

Hon. Senators: Agreed.

Motion agreed to.

THE ESTIMATES, 1989-90

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) ADOPTED

Leave having been given to proceed to Order No. 11:

The Senate proceeded to consideration of the eighth report of the Standing Senate Committee on National Finance (Supplementary Estimates (B) 1989-90), presented on Wednesday, November 29, 1989.

[*Translation*]

Hon. Fernand E.-Leblanc: Honourable senators, I move the adoption of the report.

The Hon. the Speaker: It is moved by the Honourable Senator Leblanc, seconded by the Honourable Senator Denis, that the report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Senator Leblanc: Honourable senators, in the estimates tabled with the April 1989 budget the government forecast expenditures of $134.1 billion for the current fiscal year. The Main Estimates, Supplementary Estimates (A) and Supplementary Estimates (B) indicate how the government plans to spend $132.8 billion. Therefore we have a $1.2 billion expenditure reserve to cover any supplementary budget which might be tabled before the close of the current fiscal year which, as we know, ends on March 31, 1990.

Of the $1.477 million in Supplementary Estimates (B), $811 million is to be voted, while $666 million is for statutory expenditures. Of this amount, $600 million will be used to capitalize a Farm Credit Corporation debt to Canada. This payment is included in the planned restructuring of the FCC announced by the government last July. Of the $133.1 billion budgetary and non-budgetary expenditures tabled for 1989-90, $88.7 billion or 66.7 per cent of the budget covers statutory expenditures which need not be authorized every year by Parliament. In this respect, I would say briefly that when I moved the adoption of the interim report of the committee on the Main Estimates on October 17, 1989, I referred to the long-standing concerns of the committee concerning the amount of statutory expenditures and the process through which the government is advised of changes to which they are subject before being approved. The first stage of this process is the royal recommendation of the Governor General which appears in financial bills when introduced for first reading in the House of Commons. It seems that during each Parliament Canadian governments, whatever their political stripe, have a tendency to resort to the royal recommendation when it is not really necessary.

To get back to the main points of Supplementary Estimates (B), at its November 23 meeting the committee heard Mr. Allan Darling of the Treasury Board. The committee members reviewed the government's proposed expenditures with the careful consideration they usually give to such matters.

Honourable senators first examined how the Treasury Board used Vote 5, also called "Government Contingencies". Our reserves came from the fact that Vote 5, which is supposed to be used to supplement other votes for paylists and other unforeseen expenses, enables the government to spend money before seeking parliamentary authorization. In a way, this amounts to a significant delegation of Parliament's spending power to the executive branch. Mr. Darling, in his testimony, and the Treasury Board, in a written reply to a previous question, tried to convince committee members that, in actual practice, this delegation of authority was strictly limited by the principles of operation which Treasury Board follows when it uses vote 5, namely, government contingencies. Yet, the committee believes that it will have to remain vigilant when dealing with future Supplementary Estimates to make sure that the vote is never used to finance major projects not approved by Parliament.

The right of the government to transfer funds from one activity to another within the same departmental vote without having to seek new votes from Parliament is another example of a situation where a major spending authority may be delegated to the executive. The committee does not want to make the budget process more expensive than it is already by demanding stricter control of the transfers within the same vote, but it feels that the government would prove more accountable to Parliament if each vote were defined more precisely, thereby making such transfers more difficult.

Finally, the committee paid particular attention to a request for a significant increase in spending and person-years which Revenue Canada-Taxation submitted for the purpose of carrying out more audits of income tax returns, especially in connection with the enforcement of the first stage of the government's proposed tax reform. For this activity, the department is seeking $13.7 million and 500 person-years because of the amendments to the Income Tax Act from taxation year 1988, which involve essentially the conversion from a deduction system to a tax credit system and the adoption of new forms.

In 1989, according to the Treasury Board witness, the rate of mistakes on the new forms at a certain time reached 90 per cent. Therefore, the 420 person-years already authorized in the 1989-90 Main Estimates proved inadequate and 500 more are now necessary. It should be emphasized that none of the additional expenses and person-years would be used at the second stage of the tax reform, namely, the implementation of the GST. Honourable senators, I thank you.

Motion agreed to and report adopted.

● (1550)

[*English*]

APPROPRIATION BILL NO. 4, 1989-90

SECOND READING

Hon. C. William Doody (Deputy Leader of the Government) moved second reading of Bill C-50, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1990.

He said: Honourable senators, the appropriation bill that we have before us, Appropriation Act No. 4, 1989-90, provides for the release of the whole of the Supplementary Estimates (B) for the 1989-90 year amounting to $810 million. The total spending authority requested by this bill is just over $1.477 billion, the difference representing statutory items. Supplementary Estimates (B) included $378 million for the Treasury Board Secretariat, $84 million for the Ministry of State (Multiculturalism), and $58 million for the Department of Agriculture.

Supplementary Estimates (B) were tabled in the Senate on November 9, 1989, and were immediately referred to the Standing Senate Committee on National Finance. These estimates were discussed by the National Finance Committee with Treasury Board officials, and the committee presented its report to the Senate, which Senator Leblanc capably moved a few moments ago.

Honourable senators, this bill is in its usual form. I have no hesitation in saying that there are no surprises or changes and I commend it to you for your attention.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, it seems obvious to me that what Senator Doody has just said is true. The bill is in good order and the procedure is in its customary and traditional order. We do not normally raise any questions about appropriation bills when they deal with, as they always do, estimates referred to our Finance Committee, and the Finance Committee report has no objection to the estimates, having studied them. Therefore, we support second reading of this bill.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. C. William Doody (Deputy Leader of the Government): With leave of the Senate, now.

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

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, normally we want a reason for abridging the time required, and of course there should be one day's notice for third reading; but today we know there is a reason for abridging that time because the Governor General is appearing for Royal Assent. Since notice for Royal Assent has been given, we should support third reading of this bill immediately.

Motion agreed to and bill read third time and passed.

● (1600)

PRIVATE BILL

GOVERNING COUNCIL OF THE SALVATION ARMY IN CANADA—SECOND READING

Hon. R. James Balfour moved the second reading of Bill S-9, to amalgamate the two corporations known, respectively, as "The Governing Council of The Salvation Army, Canada East" and "The Governing Council of the Salvation Army, Canada West", and to make necessary provisions regarding the charter of the amalgamated corporation.

He said: Honourable senators, I rise to sponsor a private member's bill which has as its aim to streamline and render more efficient the corporate administration of the Salvation Army in Canada. Before doing so, however, I should like to say a few words about what this group of dedicated men and women has meant and means to our community.

After a century of work and witness, the Salvation Army, with an ordained and lay leadership numbering some 85,000 and with a corps of nearly three million members, is seeking to maintain almost 20,000 centres of help, hope and healing in 90 countries throughout the world. Its mandate is to do whatever it can to alleviate distress in the twilight zones of life. Its mission continues to be the discovery and bringing "in" of those who are "out"—out of faith, out of hope, out of health, out of money, out of employment, out of friends, out of motivation, and out of sorts with life itself.

There are no socioeconomic, class or educational barriers to protect from human suffering. No one is immune. In the shadows of our affluent society are those whose weaknesses are manifest and those whose pain and wretchedness is hidden behind tightly closed doors. I have always marvelled at the selflessness of these men and women of the Salvation Army whose entire careers are devoted to making life more livable for others. They seek not glory or attention. Theirs is a hands-on ministry. They minister directly to those in need and they minister to the needs of the whole person.

What exactly is this movement—a church, a denomination, a charitable enterprise, a social service agency with a paramilitary structure? It's all of them and it's none of them. It is, as the Right Honourable Arthur Meighen once described it: "A vital spiritual force with an acute social conscience." In this day and age of supersophistication and cynicism it is good to find that there are still those whose whole reason for being is to help their struggling neighbour.

The Salvation Army has changed quite significantly in its 107-year existence in Canada, as it has elsewhere. Yesterday's army was small, struggling and evangelical. Today's is something quite different. The zeal has diminished not one iota. The desire and determination to make a difference for the better are as alive as ever. The army today, however, is

apolitical and conservative in nature. It takes no sides, endorses no candidates, and refrains from attacks on the status quo. Nevertheless, governments at every level are pleased to be able to work closely with the army on social work projects that benefit every segment of society. They realize the efficiency and effectiveness of this operation. They appreciate the devotion, determination and commonsense of the army.

These are not social scientists with grand schemes to solve all the problems of mankind. These are not social workers with files and programs to minister to people's needs. These are not specialists who will only look to one area of hurt. These are the practioners of a holistic medicine of the soul. They seek to help the whole man: body, mind and spirit. They are down-to-earth, well-trained men and women who lead exemplary lives themselves. They prefer to deal directly with human suffering, treating each case individually and tailoring the help to the problem at hand. Little do they care if a particular problem fits into a special category for which there is a prescribed program. They are not big on sending those in need to a variety of offices to fill in a multiplicity of forms. They do not simply hand out cheques to people who cannot handle responsibility.

This is not automatic help, the product of a well-intentioned law. This is help offered by a singular type of caring being: people with faith who consider that there is no higher calling than to be actively involved in being their brother's keeper. They, in fact, live the great commandment: to love God and love thy neighbour.

Honourable senators, the legislation before us provides for the amalgamation of the Governing Council of the Salvation Army, Canada East, and the Governing Council of the Salvation Army, Canada West. This bill, when it receives the approval of both houses of Parliament and Royal Assent, will amalgamate, and continue as one corporation, both governing councils. There are at the present time two separate corporations, each incorporated for the purpose of adminstering the property, business and other temporal affairs of the Salvation Army in Canada. That situation has existed since 1916. In that year the original governing council of the Salvation Army in Canada, which had been incorporated in 1909, was separated into eastern and western corporations. The reason was fairly simple: convenience of operation at a time when transportation and communication were more difficult than they are today.

However, over the years, given the vast improvement in travel facilities and the communication of information by telephone, fax machines and the like, it has been found more convenient and efficient to administer the affairs of the army from one central point. So, while the legal head office of the Governing Council, Canada West, is in Winnipeg, the affairs of both governing councils are directed from the head office in Toronto.

Apart from their geographical jurisdictions, the purposes, composition and powers of the two governing councils are identical. Each corporation is composed of five members, who are designated officers of the army, and who are the same persons in each case. In fact, the amalgamation has already happened. All it now needs is a legal blessing.

The proposed legislation would amalgamate the two corporations in the same manner as that provided for in the case of corporations incorporated under general corporate legislation, by amalgamating them and continuing them as one corporation. In this way no new corporation is formed and there are no transfers of property from one corporation to another. The continuing corporation continues as the owner of the properties of the two amalgamating corporations, which are continued as one. In the case of the governing councils, because of the identical nature of the two corporations, the process of amalgamation will be very simple.

The bill before us amalgamates the two corporations and, in order to ensure their ongoing governance, provides that the original act of 1909 and the act of 1916, which applied to the Governing Council of the Salvation Army, Canada East, as well as the bylaws of the Governing Council of the Salvation Army, Canada East, will apply to the amalgamated corporation. The separate statute which incorporated the Governing Council of the Salvation Army, Canada West, would be repealed.

As the law requires, honourable senators, notice of the intention to seek, by way of a private member's bill in Parliament, this one continuing corporation has been published in *The Canada Gazette* and in the appropriate provincial gazettes. It has also been published in two national newspapers, one in each official language. This bill, therefore, seeks to give legal substance to something that has been an operational fact for some time. In that light, I have no hesitation in asking for your support for this initiative to do away, legally, with the present structure, which is unnecessarily complex, and to replace it with something more appropriate.

Hon. Richard J. Stanbury: Honourable senators, I am delighted to have the opportunity of supporting the motion for second reading of Bill S-9, which advances the effectiveness of one of our most important institutions. The Salvation Army has, for decades, enjoyed universal respect and support for its work among those in need. Few organizations have been held in such high esteem. Over the years we have all been impressed by their honesty, integrity and dedication to the spiritual and physical well-being of their fellow man. These are men and women whose entire lives have been devoted to helping those in need, and who have taken to heart the teachings of our great spiritual leaders and applied them simply, directly and consistently in ministering to life's wounded.

The Salvation Army came to Canada in 1882, when two British immigrants, Jack Addie and Joe Ludgate, began to hold street meetings in London, Ontario. Converts made other converts, and soon there were corps in twelve Ontario cities. The movement spread east to the Maritimes and west to the communities of Winnipeg, Calgary and Vancouver.

● (1610)

The Salvation Army was established in 1886 at Winnipeg; in 1887 at Calgary and Vancouver; and in 1895 at Regina.

Regina was then a railway town of some 1,500 people. Calgary, with a population of 1,200 at the time, was a brand new rail town and something of an agricultural centre. The army began its work among the restless and raucous ranchers, cowboys and dirt farmers. While a great deal of the credit for the orderly development of our western society goes quite properly to the RCMP and the Hudson's Bay Company, I think the Salvation Army is entitled to a measure of that credit as well.

There were all kinds of meetings, even Sunday morning worship services, in taverns, in preparation for which bar owners reportedly worked late into Saturday nights to clean up the premises.

Around the turn of the century two army groups, still active today, came into being: The Home League, a women's fellowship that promotes Christianity in the home; and the League of Mercy, a group of men and women in the laity who visit hospitals, senior citizens' homes and jails as part of their Christian duty.

Meanwhile, from about 1886, the army had been developing a social wing, because Canada was in an economic depression. In 1904 it opened its first Grace Maternity Hospital in Winnipeg, and other Grace Hospitals followed in every major Canadian city. In 1905 a Salvation Army officer was appointed the first Dominion Parole Officer by the federal government. Between 1905 and 1926 the army brought more than 200,000 British settlers into Canada. Those three social ventures, maternity care, immigration and parole supervision, were what set the army's social wing on the sure road to national prominence.

In later days it was to expand its prison services, concentrate on juvenile rehabilitation, and inaugurate new kinds of treatment for alcoholics. Add to that its extraordinary service in two world wars and it becomes clear why, in the public mind today, the image of the Salvation Army is no longer that of a hallelujah lass with a tambourine but, rather, that of a Sally Anne with a red shield dispensing help wherever it is needed.

Senator Balfour alluded to the fact that governments at every level often call upon the Salvation Army to help them either develop or administer certain social programs. That is a tribute to the thoroughness and polish of the group and to the experience and devotion of its members.

Unfortunately, it is not unknown in departments related to the well-being of the population to have decisions made by theorists who have had little or no practical experience in the areas of help they are legislating for or are administering. Therein lies the strength of the army. Its soldiers have been out in the front lines of misery. They have had first-hand experience in dealing with broken spirits. They have seen weakness and ministered to it. When they speak of helping people, they speak from experience. They have quietly listened to and counselled men and women who were desperate and despondent—people who had lost hope, whose health was poor, who had lost jobs and whose money had run out. What sets the men and women of the Salvation Army apart from the rest of us is that they rub elbows with wretchedness. They give of themselves as well as of their resources, and for this they merit high praise.

The Salvation Army has been of inestimable help to our country, as it has everywhere else that it has put down its roots and taken up its ministry. This is one group of people who can always be counted upon to help, to labour tirelessly in an effort to lighten the burden of those most in need.

Now we have the opportunity to make it easier administratively for them to render their service. The army divided its administrative effort in 1916 between east and west Canada. That was done for reasons of geography. A better, wiser, more efficient running of the army's affairs could be ensured by officers who were closer to the scene. I am sure that was the case for a good many years, but conditions have changed in the last few decades. Methods of communication have vastly improved. The army is now seeking to gather its decision-making authority in one place. It is simply a more efficient way of doing things under the present circumstances.

I understand that from a practical standpoint this has been the situation now for a number of years and that what is called for by this bill is a legal sanctioning of an existing set of circumstances.

Honourable senators, since it is sought by a body for which I have the greatest respect, since it makes enormous good sense, and since it appears to be the most efficient way of achieving the desired end, I would support the motion of Senator Balfour for second reading of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Balfour, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*Translation*]

PRIVATE BILL

CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS—SECOND READING

Hon. Fernand-E. Leblanc moved the second reading of Bill S-10, respecting the Canadian Institute of Chartered Accountants.

He said: Honourable senators, the purpose of this bill is to amend the Act governing the Canadian Institute of Chartered Accountants. It is designed to amend and update the statement of objectives and powers of the Canadian Institute of Chartered Accountants, a professional organization of which three senators are members: Senator Molson, Senator Simard and myself.

The Canadian Institute of Chartered Accountants was created by an Act providing for the establishment of the Dominion Association of Chartered Accountants, passed by Parliament in 1902. The 1902 legislation provided for the amalgamation of provincial and local accountants' organiza-

tions existing at the time, while acknowledging the national dimension of the profession of chartered accountant and the need for establishing an organization to co-ordinate this function across the country. Amended twice since that time, the legislation has remained substantially unchanged. In 1951, the Dominion Association of Chartered Accountants became the Canadian Institute of Chartered Accountants.

The founding members of the profession had a vision that has served chartered accountants well since then. This was a group of chartered accountants exercising their profession in turn-of-the-century Canada, which seems very far from us today. Despite their vision, they could hardly predict the future importance and scope of their profession and the public role played by chartered accountants today.

At the present time, Canada has 47,000 chartered accountants who exercise their profession in all provinces and in two territories. They are a critical part of the success of any business activity in this country.

The body responsible for regulating professional activities also underwent changes. In 1902, the Institute had a single permanent employee; today, there are 135 persons looking full-time after a complex range of services to the profession and the public.

The legislation now before us is primarily aimed at reflecting changes in the practice of chartered accountancy and in the structure and operation of the Canadian Institute of Chartered Accountants. It would be unrealistic to believe that an act drafted 87 years ago could perfectly suit the current scope of professional activities of chartered accountants and their regulating body.

The institute has taken steps to review and modernize its governing legislation. Most changes proposed under the bill simply reflect the realities of the C.A.'s profession, which is now more dynamic than ever.

The new legislation includes an exhaustive list of the institute's goals and powers. It specifies the institute's role and responsibilities in promoting the expertise, skill and proficiency of its members, and administering and managing the affairs and business of the institute. The legislation also recognizes the Canadian institute's role, in co-operation with provincial institutes, in developing national standards of qualification for membership in the profession of chartered accountant and developing programs of post-qualification education. But perhaps the most important activity sponsored by the institute is the on-going codification of that series of constantly changing principles, the generally recognized accounting principles, as well as generally recognized auditing standards for the public sector. The new act therefore recognizes the importance of the institute's contribution in the area of standardization and its role within the international community of accounting organizations.

Honourable senators, this legislation reflects the results of the review made by the institute of its goals and powers, and the general organization of the profession. It establishes the institute's mandate and objectives, along the lines of total compliance with the sharing of responsibilities as agreed between the provincial institutes and the Canadian institute.

This draft reform has been reviewed and approved both by the board of governors of the Canadian Institute of Chartered Accountants and the general membership at the 1988 annual meeting in St. John's, Newfoundland.

Over these last few years, all provincial institutes have been consulted on the matter of shared responsibilities. All of them approved the draft through their representatives on the institute's board of governors. It not only serves the interests of the overall C.A. profession but also the larger interest of the country as a whole.

I move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce after second reading. Thank you for your attention.

• (1620)

[*English*]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this appears to be a relatively simple bill. The intent is to change the name of the chartered accountant's group. I would suggest that the best thing to do with this bill is what the rules demand, which is to get it to committee as soon as we can. I suggest that we do that today.

Motion agreed to and bill read second time.

[*Translation*]

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Leblanc (Saurel), bill referred to Standing Senate Committee on Banking, Trade and Commerce.

[*English*]

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I am informed that Her Excellency is present. I suggest that we adjourn during pleasure while the necessary arrangements are made here. We do not have to leave the chamber; it is just a matter of our adjourning until those arrangements are made.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, even if those in the chamber do not leave, it might be a good idea to sound the bell for those not here.

Senator Doody: I agree.

The Senate adjourned during pleasure.

• (1630)

At 4.30 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

At 4.45 p.m. Her Excellency the Governor General proceeded to the Senate chamber and took her seat upon the Throne. Her Excellency was pleased to command the attendance of the House of Commons, and that House being come with their Speaker, Her Excellency was pleased to give the Royal Assent to the following bill:

An Act to amend the Excise Tax Act and the Excise Act (*Bill C-20, Chapter 22, 1989*)

The Honourable John Fraser, Speaker of the House of Commons, then addressed Her Excellency the Governor General as follows:

May it please Your Excellency:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Excellency the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990 (*Bill C-50, Chapter 23, 1989*)

To which bill I humbly request Your Excellency's assent.

Her Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

Her Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 800*)

DEPARTMENT OF INDUSTRY, SCIENCE AND TECHNOLOGY BILL

REPORT OF STANDING SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

TUESDAY, December 12, 1989

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred Bill C-3, an Act to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act and to make consequential amendments to other acts, has, in obedience to the Order of Reference of Wednesday, June 28, 1989, examined the said Bill and now reports the same without amendment but with observations and recommendations.

The Committee received testimony from fifteen witnesses (see Appendix I -- Witnesses).

A) OBSERVATIONS

Based on an examination of Bill C-3 and on testimonial evidence presented during Committee hearings, your Committee is of the view that there are serious problems in five areas, being: the scope of the objectives; the impact of the structure of the new department on science and technology; strategies for promoting investments; foreign ownership of Canadian companies; the approach to regional development. Each of these concerns will be more fully discussed and then, we conclude with recommendations.

The Issues:

1. Scope of the Objectives Described In Bill C-3

The Bill proposes to establish a department that includes tourism, expansion of small businesses, trade and commerce in Canada, mobility of goods and services, investment in industry, science and technology, research and development and finally, regional development in Ontario and Quebec. Many members of your Committee consider that the broad nature of this expanded list of objectives will dilute the focus of the Department's responsibilities and functions. This may have the effect of compromising some goals, for example, regional development in Ontario and Quebec may compromise the objective "to encourage the fullest and most efficient and effective development in the use of science and technology" in Canada.

This concern was supported by much of the testimony. For example, Mr. John Roth, Executive Vice-President, Product Line Management, Northern Telecom Ltd., expressed the view that the extensive responsibilities of the department could hinder its effectiveness in some areas:

> Ideally, the newly formed ISTC would have a strong role to play in international trade...I believe that the current design of ISTC will cause the Ministry to have an inward bias that is more concerned with regional disparity than it is with international competitiveness.

Dr. Tim O'Neill, President of the Atlantic Provinces Economic Council (APEC), questioned the ability of ISTC to support the development of technology in Atlantic Canada:

> However, it is unlikely that the structure envisaged for ISTC, with its broad general mandate and, in particular, with its developmental responsibilities for Ontario and Quebec, will offer sufficient support to influence the technology- based growth required in Atlantic Canada.

Dr. Michael Bradfield, Professor of Economics at Dalhousie University, also referred to the problematic scope of the proposed legislation:

> In looking at the bill after I was asked to testify, I thought, "I cannot speak to the bill per sé because it is so general it could justify just about anything"...This department will promote science and technology, a little bit of regional development, small business and even tourism. I do not know how tourism got in there...

Mr. Harvie Andre, Minister of Regional Industrial Expansion and Minister of State for Science and Technology, responded that while the legislation is pervasive, no one objective will be subverted by another:

> There was some concern expressed that, because there was no longer a Minister of State for Science and Technology, that was somehow a downgrading of science and technology, which is clearly not the intent. The intent was to meld with industrial policy but, nevertheless, to maintain a minister for science...

Dr. Arthur Collin, Vice-President of Precarn Associates Inc., emphasized the inherent difficulty in managing the goals of this legislation:

> One is immediately struck with the working relationships which the minister and the bureaucracy will have to devise to make any progress toward a national stance on the major issues which are seen to be part of this portfolio, since this will require the orchestration of at least three departments and several ministers. These are matters of industry, science and technology which the government has repeatedly referred to as national concerns.

Your Committee believes this legislation will be difficult to manage effectively because of its scope. Legislation that tries to meet too many different objectives runs a serious risk of compromising goals or even failing to meet any of them properly. Thus, it is the view of the Committee that the annual estimates of the new Department of Industry, Science and Technology (ISTC) be referred to it so that the Department's activities can be monitored in order to determine if programmes are being implemented.

2. Impact of the Structure Created by Bill C-3 on Science and Technology

The proposed structure of the new Department is confusing and complex. For example, there is a discrepancy between the wording of the proposed legislation and the organization chart provided to the Committee at the hearings by ISTC. The legislation provides for the appointment of two ministers, being the Minister of ISTC and the Minister for Science while the new Department has three ministers, being the Minister of State for Science and Technology; the Minister DRIE and Minister of State for Science and Technology; and the Minister of State for Small Business and Tourism. The Committee is of the opinion that there should be a correspondence between the wording of the bill establishing a department and the organization chart created by a department.

A further confusion raised by the Committee and confirmed by the witnesses involves the designation of a Chief Science Advisor (C.S.A.). The proposed legislation states that the C.S.A. may be any Associate Deputy Minister and the new Department's organizational chart describes this role as, "ADM, Science ". However, it emerged during the hearings that while the associate deputy minister may be designated the C.S.A., the deputy minister is designated C.S.A. This example illustrates the confusion that this Bill creates.

As well as the factual discrepancies existing between the proposed legislation and the present Department, the Committee believes the new Department lacks the structure to coordinate the development of science and technology in Canada. It is feared that meshing it in a bureaucratic net without distinct mechanisms of coordination will make it more difficult for entities such as the Science Council of Canada, the National Research Council of Canada and the granting councils to fulfil their mandates. The Committee is of the view that the following concerns raised during the hearings must be addressed:

i) What is the effect of the overlap in roles between the Ministers by virtue of which the Minister for Science acts with the concurrence of the Minister for the new Department?

ii) Who does the C.S.A. report to if any Associate Deputy Minister of ISTC may be designated as C.S.A.? In other words, does the C.S.A. report to the Minister for Science or the Deputy Minister for the new Department?

iii) Will the role of C.S.A. be filled by an individual with expertise in the area of science?

iv) The Minister for Science has been assigned the role of facilitating cooperation among the government and non-governmental entities in Canada and internationally. Beyond coordinating ideas from these various sources, what will the Minister for Science do with this information? Why is the Minister for Science, and not the C.S.A., assigned the role of coordinator?

Many of the witnesses supported our concerns in highlighting the lack of coordination among the bodies falling within the purview of the legislation.

Ms Pamela Smith, President of the Canadian Association of University Teachers (CAUT), observed that while the legislation addresses the issue of coordination, it fails to provide the necessary mechanisms to achieve this objective. In other words:

> The goals for the proposed department are valuable and desirable..... The impossibility of unilateral action is, of course, recognized by the bill where specific reference is made to the need for a cooperative effort between many of the agencies, such as in clause(s) 8, 10, 11, 12 and 13. But although such cooperation is mentioned quite specifically, it appears to CAUT that one of the principal weaknesses of the bill is its silence about the means by which this important, vital function will be achieved.

Mr. Roth described a possible effect of this apparent lack of coordination:

> What I am afraid of is that the inertia of the existing organizations will continue, that the new Minister of Industry will not really pick up responsibility for technology in industry.

Ms Smith provided an example of the urgent need for coordination:

> One of the important goals for this department will be to foster cooperation. .....but we believe that cooperation within the research community throughout Canada is something that has been sadly lacking. We would therefore recommend in general terms that university faculties should be regarded as partners in cooperation in this enterprise and that there ought to be greater emphasis on the role in the bill.

Dr. Collin focused, not on the lack of coordination, but on the inabilities of the Minister for Science to carry out his functions:

> The fact that there will be two ministers in the new department will also tend to characterize the way it will work. I think the minister responsible for science will be seen as the junior minister since he is to assist the Minister of Industry, Science and Technology and is to act with the concurrence of the minister in carrying out such of the minister's responsibilities as the minister determines.

As well, Dr. Collin referred to the reference in Bill C-3 to the Ministers'(ISTC and Science) responsibilities to liaison government and non-government entities related to science. But, these bodies fall under independent jurisdiction. As Dr. Collin observed, there is no reference in Bill C-3 to the legislation governing these bodies.

In response to the apprehensions advanced by your Committee and the witnesses, the Minister of State for Science and Technology Canada, Mr. Winegard, denied the weakness of the role to be played by the Minister for Science:

> The lead for science policy will come from the Minister for Science. If you will look, it is one of the delegated responsibilities. It is true that the Science Council will report to Parliament, but through the minister.

3. Strategies for Promoting Investments

The proposed Act describes general policies without providing strategies for implementation. Your Committee views this vacuity as a weakness that could render the legislation ineffective. For example, the stimulation of investment in Canadian industry, science and technology is an objective. Following a review of the legislation and testimony of the Ministers, your Committee has no clear indication of how the new Department will implement this goal.

Your Committee was alarmed by the number of Canadian companies that are unable to secure needed capital investments and therefore become subject to foreign take-overs. Examples include, Lumonics Inc., Mitel Corp., Leigh Instruments, and Connaught Bio-Sciences Inc. Your Committee, therefore, invited witnesses to appear to address the issue of investment strategies, or lack thereof, in Canada.

The first witness, Mr. Roth, illustrated how tax credits could be used to generate investments:

> There have been many examples of sound legislation. The film industry uses this kind of vehicle; the mining exploration industry uses similar legislation. Where legislation has been drafted, it has been more robust than what was incorporated in the SRTC. So the government knows how to do this. There are models that it can copy.

The issue of the purchase of Mitel Corp. by British Telecom Inc. was discussed in the hearings with Mr. Roth as an example of fiscal stimulation by government:

> In that acquisition, British Telecom was able to write off the goodwill over a period of three years. For three years, British Telecom's taxes were depressed significantly -- the British government helped underwrite, in effect, the goodwill costs of British Telecom's acquisition of Mitel. Should a Canadian company have attempted to acquire Mitel, the goodwill would have been on the books for forty years. There would have been no impact whatsoever on taxes. The company would have carried this

> very large asset on its balance sheet, which depresses its return on equity, making it look like a bad investment for the shareholders. Canadian companies, therefore, are not encouraged to make acquisitions at home or abroad.

Mr. Marc Vaillancourt, President of the Association of Canadian Venture Capital Companies, emphasized the importance of small- and medium-sized companies in increasing Canada's presence in the global economy and he offered suggestions for encouraging investment in these enterprises:

> The Association has recently completed a study entitled "Economic Benefits of Venture Capital Investments in Canada." The study clearly demonstrates that venture capital has been an important source of equity for many new and established companies across Canada.....

He further commented:

> We believe that vehicles with incentives similar to the Ontario S.B. D.C.'s and Quebec Q.S.S.P.'s would stimulate investment in this area and help to defray the high cost of making investments in early stage companies.

Dr. Peter King, past president of CAUT, suggested a strategy to increase investment in research and development:

> It is for this reason that we have noted, and we support, previous recommendations (in the LaMontagne Committee Report on Science Policy) that Canada should move towards spending 2.5 per cent of its Gross Domestic Product on research and development, as do our trading competitors.

Mr. Harvie Andre, Minister of Regional Industrial Expansion and Minister of State for Science and Technology, responded to the concern for strategies of implementation by stressing the department's advisory role:

> .....our job will certainly include the gleaning of policy advice in regard to the use of regulatory and taxation authorities. It will be our role to find the most effective way of stimulating the tax role in respect of science and technology. As you know, of course, taxation is a function of the Department of Finance. However, we in our department do have a major policy role in that regard.

He later stated:

> Again, it will be mainly a policy, advisory and directional role to finance.

It is clear from the testimonial evidence that there are tools available to stimulate investment. The Committee strongly urges the new Department to create incentives that would promote effective investment and spending in Canadian industry, science and technology.

4. ISTC and Foreign Ownership of Canadian Companies

The new Department has been functioning without legislation for approximately one year. It has not played any role in the recent foreign take- overs of Canadian companies such as Mitel Corp., Lumonics Inc., Leigh Instruments and Connaught Bio-Sciences Inc. The only role played by government was through its federal agency, Investment Canada, which has a mandate to review a foreign take-over bid to determine if it is of "net benefit" to Canada. ISTC's non-interventionist approach, leaving Investment Canada as the sole concerned agency, is confirmed by Mr. Hugh MacDiarmid, President and Chief Executive Officer of Lumonics Inc.:

> I would like to go on record as saying that Investment Canada played a very constructive and hard-nosed role in negotiating an agreement that demonstrated a net benefit to Canada. The role they played was one that, absent other guidance from the government or the political world, was very constructive and handled most professionally.

All the witnesses who addressed the issue of foreign ownership of Canadian companies suggested that ISTC's mandate should not be one of only preventing take-overs but of developing a policy with respect to ownership of intellectual property. Mr. MacDiarmid emphasized that, while Canadian ownership is important, off-shore ownership is a valid choice in certain situations. In these cases, he stressed that a key leverage would be control over the knowledge base that is, the intellectual property of the Canadian company being sold.

Dr. James Keffer, Vice-President of Research at the University of Toronto, stated that foreign ownership is a viable option in the context of take-overs:

> Foreign ownership by itself may not be a bad thing as long as we can keep the technology transfer chain and use our intellectual technology in a vital way and exploit it in a vital way for the Canadian public and for the Canadian community.

He further commented:

> This morning I have tried to point out that foreign ownership, in itself, may not be a bad thing for Connaught, and that, by strategic

> manipulation -- and I use that in the best sense of the word -- we, in all likelihood, will be able to achieve with foreign ownership almost everything we could have wished for without foreign ownership.

Some members of the Committee indicated that Canadians reacted negatively to the sale of Lumonics Inc. to a Japanese company (Sumitomo Inc.) because of "this notion of bright Canadians developing good ideas that were somehow lost to the nation." Mr. MacDiarmid responded to this comment:

> I think the situation is quite the opposite, which is that at the time of the acquisition we signed a statement of intentions with Sumitomo, which has become embedded in the agreement signed by Sumitomo with Investment Canada and which explicitly protects intellectual property rights. It retains those rights in the local legal entity and local country. In that respect it is in writing that we will not be transferring the technology base outside our country.

Mr. MacDiarmid also stressed that while the Lumonics Inc.-Sumitomo Inc. arrangement is a trade-off of domestic ownership, it favours job protection, survival of an enterprise and participation in the global economy:

> There is no doubt that they (Sumitomo) have invested in the fundamental technology, have a leadership position in it, and Lumonics, I believe, in teaming up with a Japanese company, has taken a very important step towards long-term survival, which involves, it is our hope, getting access to some of that technology that we can transfer into Canada.

The crucial concern for research and development that is vital to propel companies such as Connaught Bio-Sciences Inc. and Lumonics Inc. into the international markets was voiced by Dr. Keffer, as follows:

> ...we want to assure that research and development take place in Canada through the continuance of Connaught and that production remains in Canada....Surely it would have been a good solution to find Canadian investment that would have achieved this productive enhancement of Connaught. However, if that does not exist, then a foreign takeover with guarantees, guarantees which would keep the activity in Canada, to enhance it, and to create an environment that is exciting scientifically with a leading edge globally is, certainly, a good second bet.

Your Committee concluded that the issue is not only a problem of foreign ownership but also ownership of intellectual property. Different models exist that explicitly protect intellectual property rights, for example, the Lumonics Inc.-Sumitomo Inc. arrangement.

Your Committee recommends that ISTC, as a matter of urgency, review its policies relating to foreign ownership, taking into account the issue of intellectual property, with a view to ensuring that knowledge developed in Canada leads to the application of this knowledge in Canada through investment.

5. ISTC and the Approach to Regional Development

An objective of Bill C-3 is to strengthen the national economy. National economic policies call for a regional component in the mandate of ISTC. Your Committee believes this goal will be frustrated because the proposed legislation fragments the approach to regional development in that it governs regional development in Ontario and Quebec (Part III) while Western Economic Diversification Canada (WEDC) and the Atlantic Canada Opportunities Agency (ACOA) govern the other provinces. Thus, the attitude will not be national as much as it will be centralist in that the focus regarding economic policies will be Ontario and Quebec. This concern is further attenuated by the lack of necessary mechanisms to achieve coordination among the three bodies governing regional development in Canada. Many of our witnesses supported our concern and, as well, pointed out that the legislation governing WEDC and ACOA does not cover research and development nor science and technology because the Minister of ISTC has the mandate to cover all of it. Because of the perceived segmented approach of the proposed legislation, Ontario and Quebec will have at their disposal the funds of the Government of Canada while the other provinces will not.

Dr. Arthur Collin, for example, emphasized the importance of a national economic policy for the three regions:

> One observation that comes immediately to mind is the point that we are moving to an issue which is described as a national issue, namely the issue of economic competition and the management of our resources. The bill before this committee today calls for three regional ministers to deal with exactly the same issues in three regions of the country. In the text which I have there is reference, I think, to a national economic strategy. I would

> suggest that, unless we can move towards the preparation or the clarification of a national economic strategy such as is referred to in this bill, then it is going to be difficult for the regions of the country....

Dr. Tim O'Neill's comments suggest that a coordinated approach to a national economic stance is questionable:

> I am not saying that the line departments are doing nothing, but that they appear to be doing quite a bit less. Casual comments alone would suggest -- and I think we heard one here this morning -- that ACOA is the regional agency and that, therefore, it will handle whatever is needed in Atlantic Canada. There is simply no way that the agency's mandate or budget permits them to carry such responsibility.

Dr. Michael Bradfield characterized the proposed legislation as an "orphan maker":

> The Department of Industrial Expansion Act, which at least had pretensions of providing some regional balance in economic growth, is to be repealed. However, C-3 focuses on regional development only in the context of the lagging regions of Ontario and Quebec. Only passing reference is made to any other parts of Canada.
>
> This would obviously create major social as well as economic problems for Canada's traditional lagging regions. It suggests that regional development will be a peripheral activity in peripheral regions but strongly tied to science and technology in Central Canada.

Dr. Tim O'Neill, expressed his concerns regarding the effect of the design of Bill C-3 on the fragmenting of responsibilities for disparities in the economy:

> ....It is our view that it is at least highly questionable, if not ludicrous, to have any federal government department, and especially one focused on industry, science and technology, take on regional development responsibility for Ontario and Quebec. APEC sees this as a further watering down of the concept and function of regional development policy, and a ipso facto reduction in the commitment to genuine regional development.

He further stated:

> It is therefore not difficult to imagine that IST's broad responsibility for industry, science and technology in Canada might become intertwined with its Ontario/Quebec mandate...

Mr. Harvey Andre, Minister of Regional Industrial Expansion and Minister of State for Science and Technology, responded to these concerns by emphasizing the new department's coordinating role:

> .....As a result the ministry has a coordinating function, if you will, for economic development policy to the extent that it is national, with responsibility for the implementation of programs for the Atlantic Region and the West falling within those two departments, and my department is responsible for Quebec and, to the extent these have programs, for Ontario.

Dr. Michael Bradfield observed that there will be a concentration of funding for science and technology in the areas that have not been slow to adopt new technologies (central Canada):

> It does concern me that the bill speaks about Quebec and Ontario for regional development and only makes passing references to the rest of Canada. I would be concerned that, as I think at least one of your witnesses has said, the science base is seen to be the golden horseshoe from Quebec to Montreal to Toronto, and the rest of Canada is written off for any possible science and technology base.

It appears to your Committee that the incorporating of regional development in Ontario and Quebec in a piece of legislation with a goal to strengthen and develop the Canadian economy through the promotion of science and technology is questionable. In recognition of the fact that science and technology are fundamental components of economic regional development, your Committee strongly recommends that a mechanism be created to guarantee strong linkages between ISTC and ACOA, and ISTC and WEDC to ensure that the approach to science and technology presently described in Bill C-3 be extended to the whole of Canada.

Further, as a policy objective, your Committee advocates that the ministers responsible for ACOA and WEDC institute with the minister of ISTC a permanent committee to coordinate and regulate the development of science and technology across Canada.

B) RECOMMENDATIONS

- **Your Committee is of the view that the annual estimates of the new Department of ISTC be referred to this Committee so that the Department's activities can be monitored in order to determine if programmes are being implemented.**

- **Your Committee strongly urges the new Department, once it is established, to adopt**

strategies that will create incentives to promote investment in Canadian industry, science and technology.

- **Your Committee urges the new Department, once it is established, to review its policies relating to foreign ownership, taking into account the issue of intellectual property rights, with a view to ensuring that knowledge developed in Canada leads to the application of this knowledge in Canada through investment.**

- **In recognition of the fact that science and technology are fundamental components of economic regional development, your Committee strongly recommends that a mechanism be created to guarantee strong linkages between ISTC and ACOA, and ISTC and WEDC to ensure that the approach to science and technology presently described in Bill C-3 be extended to the whole of Canada.**

Further, as a policy objective, your Committee advocates that the ministers responsible for ACOA and WEDC institute with the minister of ISTC a permanent committee to coordinate and regulate the development of science and technology across Canada.

Respectfully submitted,

LORNA MARSDEN
Chair

APPENDIX I - WITNESSES

The Committee heard from the following witnesses:

October 3, 1989:

Mr. John A. Roth, Executive Vice-President (Product Line Management), Northern Telecom Ltd.

Ms. Pamela J. Smith, President and Chair of the Sample Survey and Data Bank Unit, University of Regina of the Canadian Association of University Teachers.

Professor Peter King, Past President of Canadian Association of University Teachers (CAUT) and Professor and Department Head, Computer Science, University of Manitoba (Winnipeg).

October 4, 1989:

The Honourable Harvie Andre, P.C., Minister of Regional Industrial Expansion and Minister of State for Science and Technology.

October 17, 1989:

Dr. Arthur C. Collin, Vice-President of Precarn Associates Inc.

Mr. Marc C. Vaillancourt, President of the Association of Canadian Venture Capital Companies.

Mr. Harry G. Mortimore, Director of the Association of Canadian Venture Capital Companies.

The Honourable William Winegard, P.C., Minister of State, Science and Technology Canada.

Mr. Harry G. Rogers, Deputy Minister of Regional Industrial Expansion and Secretary of the Ministry of State for Science and Technology.

October 24, 1989:

Dr. James Keffer, Vice-President of Research at University of Toronto (Toronto).

Dr. Neil Swan, Senior Research Director at the Economic Council of Canada.

Mr. Hugh MacDiarmid, President and Chief Executive Officer of Lumonics Inc.

October 31, 1989:

Dr. Geraldine A. Kenney-Wallace, Chair, Science Council of Canada.

Dr. Tim O'Neill, President of the Atlantic Provinces Economic Council.

Dr. Michael Bradfield, Professor of Economics, Dalhousie University (Halifax).

THE SENATE

Wednesday, December 13, 1989

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

Prayers.

THE LATE HONOURABLE ANN ELIZABETH BELL

TRIBUTES

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it was with a great deal of personal sadness that I, and I am sure all honourable senators, learned of the death on November 29, 1989, of our colleague, the Honourable Ann Elizabeth Bell, who preferred to be known and was known as Nancy Bell. It will be hard to find a person with a warmer, more engaging and kinder personality than our late colleague.

She was also a person of very firm convictions and philosophy on public matters, convictions that she always articulated clearly and forcefully.

She had been a member of this place since 1970 and, typically for her, had taken a special interest in such matters as the welfare of the aged and of the very young; she played a considerable part in the deliberations of our special committee dealing with retirement age policies as well as the subcommittee of the Standing Senate Committee on Health, Welfare and Science, which dealt with "Childhood Experiences as Causes of Criminal Behaviour."

I rise now simply to record, on behalf of the government and my colleagues in this party, our respect for and admiration of Senator Bell for her service to Parliament and the country and to express our sympathy to her family on their loss. She was a delightful human being and a fine colleague and we shall miss her.

Hon. Raymond J. Perrault: Honourable senators, all of us in this chamber, wherever we sit, are in accord with the eloquent remarks made by the Leader of the Government in the Senate on this sad occasion. As honourable senators are aware, Senator Bell passed away just a few days ago on Vancouver Island. A service was held in Nanaimo on the weekend and a great number of friends and acquaintances were present to honour her memory. That very moving service was held at St. Paul's Anglican Church in the island city.

I had the privilege on that occasion to bring to the gathering the condolences of our distinguished Speaker and as well the condolences of all those who serve here in Parliament.

Nancy was a very proud and active Canadian who gave generously of her time, efforts and talents in the service of this nation, and particularly in the interests of the province of British Columbia.

She was born Nancy Bowman. Nancy was a member of one of Canada's great, creative and public-spirited families. Her father, Charles A. Bowman, a native of Northumberland, achieved fame as the editor of *The Ottawa Citizen.*

Nancy's brother Bob achieved a national and international reputation with Southam Press, with the British Broadcasting Corporation, as a pioneer with the CBC, as a war correspondent, and as an author and businessman.

In her own areas of activity Nancy was just as productive. Born in Ottawa, she graduated from McGill University in Montreal. During World War II she worked with the National Research Council. After the war she was a member of the McGill University staff. When she moved to the west coast she became very active in a number of community-spirited organizations. The list is a long one: she was president of a provincial women's political association and president of the Nanaimo Symphony Orchestra Society; she was the founding president of the Nanaimo chapter of the Consumers' Association of Canada; she served with the Canadian National Institute for the Blind; she also served as a director of the Registered Nurses Association of British Columbia; and she identified herself with a great many community causes, particularly those measures affecting the welfare of young people, the indigent and those unable to help themselves.

It has been said that our late colleague treasured independence. Certainly that was one of her many qualities. No one ever accused the late Senator Bell of being irresolute or indecisive when an issue which she perceived to be important to the integrity of Canada, or of her province, was under debate or under discussion. As all of us know, the late Senator Bell reserved the right to disagree at any given time with the popular consensus.

True to the family's unwavering tradition, Nancy possessed a fierce loyalty to Canada, which she preferred to describe as the Dominion of Canada. She had a loyalty to its history and traditions, to the monarchy and to the Commonwealth. Woe betide those who dared advance proposals that, in Nancy's view, would threaten Confederation or restrict the rights of Canadians, whatever their racial origin or creed. Equally, she harboured a love of the parliamentary system and its ideals. While maintaining good relations with her colleagues in the Senate, she did not hesitate to disagree with any of us or to vote against any of us if she felt strongly about an issue.

Appointed to this chamber in 1970, Senator Bell held strong minority views about Senate reform. Here again, she established as her main criterion for a reformed Senate that it should be independent and able to represent Canada's regions

in a less partisan manner. Indeed, in recent years Nancy Bell sat as an independent senator.

The late Senator Bell was a person of great courage. The ultimate test of her indomitable spirit began two years ago, when she first learned that she was seriously ill. She shared that information with only a very small circle of friends. Throughout her very difficult ordeal, and during that entire time, Nancy refused to surrender. With her husband Gordon at her side, she bore her burden with equanimity until, mercifully, she was called home just a few days ago.

Words from Paul's Second Letter to Timothy come to mind at a time like this. We read in chapter 4, verse 7:

> I have fought the good fight, I have finished *my* course, I have kept the faith:

Honourable senators, our late colleague, Nancy Bell, fought that good fight. She kept the faith. All of her colleagues on both sides of the Senate chamber will miss her, as will her many friends across Canada, and particularly those living in British Columbia, the province she loved so very much. The condolences of all of us go to her bereaved husband, Gordon, and to the other members of the family.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, allow me very briefly to endorse what Senators Murray and Perrault have said, expressing our regrets on the death of our colleague, Senator Bell.

Of course, I only knew her from the time she arrived in the Senate in 1970. She gave me the honour many times of consulting me on problems with Senate procedure. From that, I was able to admire her spontaneity, sincerity and courage. We were always on very good terms.

As Senator Perrault said, she was very discreet about her illness. Indeed, her death was a shock to me because I really did not know what she went through in the past two years.

In addition to everything that has been said about her showing that she had a very accomplished career, I would mention that for me she was a friend. For several years, every Christmas without fail, I would receive a package of mistletoe from British Columbia. I will think of her this year when Christmas comes without that present of mistletoe.

I would like to join Senators Murray and Perrault in assuring her husband Gordon and son Ian of my deepest sympathy.

[*English*]

NORDION AND THERATRONICS DIVESTITURE AUTHORIZATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-13, to authorize the divestiture of Nordion International Inc. and Theratronics International Limited.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

MUSEUMS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-12, respecting museums.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

BUSINESS OF THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, may I be permitted to make a short comment about the two bills, Bill C-12 and Bill C-13? Normally there should be two days' notice between first and second readings of bills. The fact that we have given leave to have these bills dealt with at the next sitting of the Senate should not be taken as an assumption—

Senator Flynn: Of course not!

Senator Frith: —that we believe that they should get third reading before the—

Senator Flynn: Ha!

Senator Frith: As soon as Senator Flynn stops spluttering, I shall continue.

Senator Flynn: Continue your useless comments!

Senator Fairbairn: Oh!

Senator Perrault: That is not in the Christmas spirit; come on, Jacques!

Senator Frith: As soon as Senator Flynn has finished with any other constructive comments like the one he just made, I shall continue. We do so in the hope that these bills will both get to committee before the Christmas recess, but not necessarily to third reading, because in each case there was some controversy in the other place, and it may very well be that those bills will need more committee study than can be accomplished between now and the Christmas break.

Motion agreed to.

● (1410)

PRIVATE BILL

EASTERN SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA—FIRST READING

Hon. Heath Macquarrie presented Bill S-11, to restructure the Eastern Canada Synod of the Lutheran Church in Ameri-

ca under the name of the Eastern Synod of the Evangelical Lutheran Church in Canada.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Macquarrie, bill placed on the Orders of the Day for second reading on Tuesday next, December 19, 1989.

FORGIVENESS OF DEBTS (SUB-SAHARAN AFRICA) BILL

REPORT OF COMMITTEE

Hon. John B. Stewart, chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Wednesday, December 13, 1989

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIFTH REPORT

Your Committee, to which was referred the Bill C-10, An Act relating to the forgiveness of debts incurred or assumed in respect of certain official development assistance loans made by the Government of Canada to the governments of certain countries in sub-Saharan Africa, has, in obedience to the Order of Reference of Wednesday, October 18, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOHN B. STEWART
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Ottenheimer, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

SPECIAL COMMITTEE ON BILL C-21

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Jacques Hébert: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Special Senate Committee on Bill C-21, an Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, have the power to sit at 4 p.m. today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

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

[*English*]

Hon. Orville H. Phillips: Honourable senators, before giving leave, I would ask the sponsor of the motion to give us an explanation and also the assurance that this is not going to become routine for that committee.

[*Translation*]

Senator Hébert: Honourable senators, I believe the answer is quite simple. Because of pressure from government members on that committee, we are trying to put on a spurt. We are trying to meet as soon as possible so that the committee and the Senate are not accused of unduly delaying legislation put forward by the other place.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, this is of course a government bill. We do not insist on this, if the government does not want it!

[*English*]

Senator Hébert: We are doing our best to accelerate the process, but if you suggest that we should take more time then we could consider it that way too.

Senator Guay: It is the whip who is trying to delay the bill.

Senator Phillips: May I suggest, honourable senators, that the committee meet on Mondays and Fridays?

Senator Frith: It is and it does.

Senator Hébert: We do. We are meeting this Friday at noon.

Senator Frith: Let's not insist. Forget it. It's all right. Sorry we brought it up!

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I wanted earlier to put a question to the Chairman of the Special Committee on Bill C-21. Since he moved the motion, I think this is a very good opportunity to know exactly where we are going, where the matter stands.

As a matter of principle I have no objection to the motion, except that it arouses my curiosity. Again I would like to know where we stand, where we are going. When does the chairman expect he can report on that bill because, after all, a month has lapsed since it came to the Senate and was read a second time, I think honourable senators who are not members of that committee would like to know if we can have an idea as to when that committee will conclude its work. While he is at it, perhaps he could tell us whether those proceedings fill a real need or are simply aimed at delaying the bill.

Senator Hébert: Honourable senators, Senator Flynn is welcome to take part in our committee's proceedings this afternoon because we will then decide upon the agenda for the coming weeks. You are welcome, Senator Flynn.

Senator Flynn: Am I to understand that the committee this afternoon is to decide on the agenda for the coming sittings?

Senator Hébert: Yes, I believe the committee has a duty to discuss its agenda.

Senator Flynn: It is going to set up its agenda this afternoon?

Senator Hébert: Right.

Senator Flynn: Honourable senators, it seems to me that what I have heard until now is that the committee had no idea when it could conclude its proceedings or whether it should tour Canada; whether it should hear 200 or 300 witnesses, or whether it should blabber indefinitely. I am curious to know if a decision has been or will be made. If it is to decide this afternoon, I will attend.

An Hon. Senator: That is right. You should go to the committee, Senator Flynn.

Hon. Arthur Tremblay: Honourable senators, I am intrigued by what Senator Hébert, the committee chairman, has just said. As a committee member, I was given a notice of meeting indicating that at 3.30 we would receive a witness from the Canadian Centre for Policy Alternatives, and another witness at 4.30. We have just been told, although I had no prior knowledge of it, that the Senate authorizes us to sit at four o'clock and that the purpose of this afternoon's meeting is to make decisions or at the very least discuss the committee's schedule. I would like Senator Hébert to tell us how these changes were made. Did the other committee members receive a notice of meeting?

Senator Hébert: Honourable senators, it is quite easy. We already had a meeting in which we exchanged views on our schedule. There was no unanimity, but still we had a preliminary discussion. So I think that today's meeting is just to ratify what seemed to come out of the previous discussion. I do not think that it can take more than a few minutes and it will not delay our first witness.

Senator Tremblay: Honourable senators, is the committee meeting still set for 3.30?

Senator Hébert: Honourable senators, as I see it—and I am finding out at the same time as you—it is for four o'clock. We were to sit at 3.30, but now it is for 4.

Senator Tremblay: Oh, the committee clerk instructed you to do that.

Senator Hébert: Yes, Senator Tremblay.

Senator Tremblay: If the committee has it on that authority, let us accept it.

Some Hon. Senators: You can still go at 3.30. It would not matter.

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

Hon. Senators: Agreed.

Motion agreed to.

● (1420)

[Senator Flynn.]

[*English*]

QUESTION PERIOD

UNEMPLOYMENT INSURANCE

CONTINGENCY LEGISLATION FOR VARIABLE ENTRANCE REQUIREMENTS PENDING PASSAGE OF BILL C-21— CROSS-COUNTRY HEARINGS BY SPECIAL COMMITTEE ON BILL C-21—GOVERNMENT POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I draw the attention of the Leader of the Government, if he has not already seen it, to the press release, issued on December 12 by the president of the Social Affairs Commission of the Canadian Conference of Catholic Bishops, in which joint action is called for by the Senate and the House of Commons on the Unemployment Insurance Bill. In the same press release in which the Canadian Conference of Catholic Bishops urged the Senate committee to hold cross-country hearings on the UI bill, which no doubt will be before the committee this afternoon, the conference called upon the government to introduce its annual special legislation allowing for variable entrance requirements in order that people living in high unemployment regions will not be penalized. We all know that this is the normal procedure followed by the government every year in introducing legislation extending the variable entrance requirements.

In view of the fact that the overall UI bill has not yet passed, will the government consider introducing this regular, routine legislation to guard against any future contingency?

Senator Roblin: Yes, that is the contingency all right.

Senator Flynn: Take the delay of the Senate.

Senator Corbin: The question was for Senator Murray.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I would have to verify the record, but I do believe that the responsible minister, Mrs. McDougall, dealt with this matter in the other place several days ago. The short answer to the question is that no such legislation of the kind implied in the Leader of the Opposition's question is under consideration by the government.

An Hon. Senator: Shame!

Senator MacEachen: Would he take it under consideration if the representations of groups like the Canadian Conference of Catholic Bishops, the Government of Newfoundland, the Government of Nova Scotia and the Government of Prince Edward Island made the same request? If these views were brought to the attention of the government, would it make the decision to bring in the variable entrance requirements legislation? It appears to be the view of all of these groups that it is the responsibility of the government to introduce such legislation at this time, as it has done for quite a number of years on a regular basis.

Senator Murray: Honourable senators, the representations in question were made to the Senate as well as to the govern-

ment and I am sure that in both cases they will be given their usual respectful attention.

Senator MacEachen: In the same press release the Canadian Conference of Catholic Bishops asks the Senate to exercise its responsibility for sober second thought by conducting public hearings across the country. Do I take it that the Leader of the Government would agree, with his customary respect, to that request?

Senator Murray: Honourable senators, my position would be that the bill has received very detailed scrutiny in the other place, including scrutiny by a committee that travelled across the country. I do not see why it would be necessary to duplicate the work that has been done. I understand that on the list of several hundred potential witnesses there are many who have already been heard by the committee of the other place. Indeed, many of the organizations asking to be heard are local or regional branches of national organizations.

Having said all that, it is my honourable friends opposite who have a majority in this place. If they decide that the committee is going to travel across the country to study this bill, then that will be the decision they will take. I, like Senator Flynn, simply await with interest some indication of the decision of the majority. I assume that we will hear that from the chairman of the committee in due course.

Senator MacEachen: Is the Leader of the Government aware that at least half of those who have requested to appear before the Senate committee were denied an opportunity to be heard by the House of Commons committee?

Hon. Jacques Flynn: Do they have something new to add?

Hon. Royce Frith (Deputy Leader of the Opposition): How would we know unless we listened to them?

Senator MacEachen: Quite a number of individuals feel that they have not had an opportunity to be heard on this matter. I ask whether the Leader of the Government is aware of that. I assume that if one accepted his view—namely, that if hearings are held in the House of Commons, hearings are accordingly unnecessary in the Senate—then we ought to abolish the place and let the House of Commons do all the work.

Senator Flynn: Empty words!

Senator MacEachen: If the Senate is not entitled to examine legislation on its merits and on its own turf, then I do not see why we have a second chamber.

Senator Flynn: You never understood that?

Senator MacEachen: It is because we do have a second chamber that the Catholic bishops have asked the Senate to exercise its responsibilities, not take a free ride on the work of the House of Commons.

Some Hon. Senators: Hear, hear!

Senator Murray: Honourable senators, with regard to the first part of the question, there is, as I have suggested, a good deal of overlapping among those who are seeking to be heard by the Senate committee—overlapping in the sense that many of the organizations seeking to be heard by the Senate have, through their national organizations, already been heard by the House of Commons. I do not contest for a moment the right of the Senate or the desirability of the Senate to conduct its own independent inquiry into legislation. I would put the emphasis on the word "independent" and I would put the emphasis on the desirability of the Senate's not going over at great length the same ground that has already been gone over in the other place.

• (1430)

The question before us is not whether the bill is going to be given due attention and consideration; the question is whether it will be delayed beyond Christmas and into 1990, and goodness knows when! That is, one expects, a matter that the majority in the Senate, those on the other side, will decide on their own responsibility, and I would hope they do so without attempting to put the entire burden of responsibility on the shoulders of the Catholic bishops.

Senator Frith: Honourable senators, I doubt whether it will change the minister's mind, but he should know that this is not a matter of opinion but a matter of fact.

Senator Balfour: Nonsense!

Senator Frith: Maybe you had better hear it before you decide that. I can see that Senator Balfour accepted this with his usual open and objective mind. He said it was nonsense before he heard what it was.

What it is that he might characterize as nonsense is the result of work done by the committee, including the work of his colleagues sitting very close to him. The fact is that the number of persons wanting to appear before the committee, which has been culled from a larger list and which the committee has agreed to, comes to approximately 235.

An Hon. Senator: Why do you not add a few hundred?

Senator Frith: That is not so. We had a meeting of the committee and we asked the researchers to go through all the names that were before us.

An Hon. Senator: Senator Frith was not there.

Senator Frith: We asked them to try to avoid any duplication and to come up with a list. After spending some time in the committee, all of us, both sides, not just the majority, came up with a list of 235. This was without any advertising by the committee. Of the 235, none of that group had been heard by—I see that Senator Murray is interested in the question also. Senator Murray says it is endless. It is not endless. If you will listen, you will realize that it is not endless. If you remember, you suggested that there was an overlapping of witnesses and I am saying there is not. The list is divided into two groups: one group is comprised of people who were refused by the House of Commons; the other group is made up of people who have applied since that time. So the basis for the minister's last answer is false. Does that change his view in any way?

Senator Murray: Honourable senators, the brief speech we have just heard from the Deputy Leader of the Opposition reeks of an attempt at self-exculpation in advance.

An Hon. Senator: Beautiful phrase.

Senator Murray: What this appears to be is a guilty conscience on his part!

Senator Frith: A shocking statement!

Senator Murray: I do not think we will get anywhere by pursuing this matter in Question Period. Let us leave it to the committee on which the honourable senator sits and we will see what they decide in due course. As I say, the Liberal majority in that committee will decide and they will take the responsibility.

Senator Frith: I would just like to get one thing straight before we finish with this. I cannot imagine what in the world my reciting the facts would have to do with a guilty complex—

Senator Murray: Conscience.

Senator Frith: —but I can understand why the minister wanted to raise the question of guilt, because it is apparent that he is feeling quite heavily the burden of guilt in the fact that he is determined not to deal with the facts so far as the job of the Senate is concerned in this particular case. He has nothing against the Senate's doing its job, but he does not want any overlapping, and I am telling him there is no overlapping in the job that is before us.

An Hon. Senator: That is what you say!

Senator Frith: Check with your colleagues. It is nonsense for them too.

AGRICULTURE

FARM INCOME CRISIS IN WESTERN CANADA—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, the Leader of the Government in the Senate will recall that, for several weeks, I have been trying to pursuade him to carry a message to his government that there is a crisis in the income of farmers all over Canada, and particularly in western Canada. In the last three days, since receiving the outlook papers from the Agri-Food Conference taking place in Ottawa, this has now been confirmed. In fact, it is worse than the description I gave of it. For example, Agriculture Canada is predicting an 87 per cent drop in net income in Manitoba in 1990. Indeed, they are predicting over a 100 per cent drop in net farm income in Saskatchewan, which will bring it down below zero. In other words, there will be no net income. That has not happened since 1933.

I have, on a number of occasions, tried to recite some of the figures to describe the seriousness of this matter. Now that Agriculture Canada, the minister himself, has come out with outlook papers describing that crisis situation in some detail and providing the research to support its evaluation, I wonder if the minister could give us a little different answer—and that is that the government takes it seriously. All they have done so far is organize a conference. Everything is on the table, as if the government does not know what is going on, or, if they do know what is going on, they have not got a clue what they are going to do about it, except discuss it.

The other standard answer he has been giving me is that last year and the year before, and so on, the government made a substantial amount of financial assistance available, but this year they are cutting it all back. I wonder if the government takes it seriously enough now to get to work to try to make some provisions— I wish Senator Roblin would either speak loud enough or wait until his turn to speak before getting into this, because there are some figures that he will understand. At least I will tell him that the rural people in his own province understand it very clearly.

To get back to my question, since they themselves have put out the figures for this severe drop in net income, which in some cases is below zero, does the government now take it seriously enough that they will put together a program that is going to ameliorate some of these problems?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think it would take a prepared reply from Mr. Mazankowski to do justice to the honourable senator's assertions, comments and questions.

Senator Olson: I am just asking the Leader of the Government if he will carry that message to the Minister of Agriculture and give us a reply. He has had three or four opportunities to do something constructive while at the Agri-Food Conference, but he has not provided, as far as I can tell, and I listened very carefully, one single program of a substantive nature to deal with the situation. There has just been discussion.

Is that the reply we are going to get from the government— just ignore it? That is what they have been doing. Is that what we can report to our farmers?

• (1440)

Senator Murray: The honourable senator was not paying his customary close attention to the undertaking I gave a moment ago, that I would ask Mr. Mazankowski, the Deputy Prime Minister and Minister of Agriculture, for a written report on the comments, assertions and questions that were put in the first question by Senator Olson.

PHARMACEUTICAL INDUSTRY

CONNAUGHT BIOSCIENCES INC.—GOVERNMENT ASSISTANCE IN FINDING CANADIAN INVESTOR

Hon. Stanley Haidasz: Honourable senators, I would draw the attention of the Leader of the Government in the Senate to a press release issued earlier today by Investment Canada. This press release states that Connaught BioSciences Inc., of Toronto, was unsuccessful in obtaining a Canadian investor or a strategic partner with the necessary resources to enable

Connaught to carry on its work of providing biologicals and vaccines for Canadians.

First of all, I should like to know whether the Canadian government was interested in helping Connaught in this respect; if so, what did it do in trying to find a Canadian investor to join with Connaught BioSciences?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Austin and I had a brief exchange on this matter yesterday. However, I shall ask Mr. Andre if there is any comment he can add to that in reply to the question asked by the honourable senator.

REQUEST FOR TABLING OF APPLICANTS' LEGAL UNDERTAKINGS

Hon. Stanley Haidasz: Honourable senators, I have a supplementary question. While the Leader of the Government in the Senate is conferring with Mr. Andre on this matter, in the meantime would he produce in the Senate a copy of what is described by Investment Canada in this press release as the "extensive legal undertakings" secured from both applicants, namely, the joint venture of Ciba-Geigy Limited with Chiron and Institut Mérieux of France, on such matters as Canadian identity, participation and autonomy; financial commitments to increase research and development; and assurances of security of supply and self-sufficiency in vaccines for Canadians?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Investment Canada has indeed prepared a summary of the key undertakings given with respect to the proposed takeover by both companies, namely, Institut Mérieux and J.V. Vax, which is a joint venture of Ciba-Geigy of Switzerland and Chiron Corporation of California. I have them here as part of the press release put out by Investment Canada. I am sure my honourable friend also has copies of them. However, I shall obtain an official copy, if I may call it that, from the minister responsible and table it tomorrow in the Senate.

INFORMATION GUARANTEEING RETENTION IN CANADA OF CONNAUGHT BIOSCIENCES' OPERATIONS

Hon. Stanley Haidasz: I thank the Leader of the Government in the Senate for his undertaking to table this information. Perhaps the Leader of the Government would undertake also to table any information that guarantees that none of the operations of Connaught BioSciences will be removed from Canada to either the United States, France, Switzerland, or any other country.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall refer that question to the responsible minister.

[*Translation*]

THE CONSTITUTION

MEECH LAKE ACCORD—CONSULTATIONS BETWEEN MINISTER OF STATE FOR FEDERAL-PROVINCIAL RELATIONS AND PROVINCIAL PREMIERS

Hon. Gildas L. Molgat: Honourable senators, my question is directed to the Leader of the Government in the Senate.

Yesterday during question period, Senator Denis put a series of questions to the Minister of State for Federal-Provincial Relations about the Meech Lake Accord. He urged the minister to discuss the accord with the Quebec government as soon as possible. The minister was not agreeable and said that the gap between the two positions was too great. However, if no attempt is made to bring about a rapprochement pretty soon, no agreement will be reached.

Towards the end of Question Period, however, the minister went so far as to say that he would talk to the seven other provinces. He had already spoken to representatives from the three provinces and would have meetings with the seven others. He did not say, as Senator Denis requested, that he would soon be meeting representatives from Quebec. But he would see the other seven.

Could he perhaps tell us when he intends to meet representatives from the seven other provinces?

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State for Federal-Provincial Relations): Honourable senators, my office is making arrangements with the provincial governments. It is possible that sometime next week I will go to British Columbia and Alberta. However, nothing has been confirmed so far, and we are still making arrangements.

Our colleague Senator Denis seems to think there is a way to meet the five conditions set by Quebec, other than through the constitutional resolution already approved by the Parliament of Canada and eight provincial legislatures. As far as I am concerned, I see no evidence that this would be feasible.

Senator Molgat: Could the minister tell us whether he has asked the Government of Quebec for a meeting and, if not, when he intends to do so?

Senator Murray: Honourable senators, I had the pleasure of meeting my Quebec counterparts, Mr. Gilles Rémillard, after the premiers' conference in November. I intend to see him again after my talks with the other provinces.

Hon. Azellus Denis: Honourable senators, I have a supplementary.

As you know, we have an expert here in the Senate in the person of Senator Beaudoin. Perhaps he could explain the advantages of this accord to the other provinces or the province of Quebec. He might be able to find a way to get out of this impasse, either through a parallel arrangement such as, for instance, a commitment from all governments that at a future conference all demands from various governments, not just from the three but from any others that may wish to voice objections to Meech Lake, would be discussed.

Consequently, Meech Lake would remain intact, while at the same time we would have a commitment from all other governments to try to correct the omissions or add what they would like to see in the accord.

Senator Murray: Honourable senators, I apologize for not mentioning the reference made yesterday by Senator Denis to our colleague, Senator "maître-professeur" Beaudoin.

I can assure Senator Denis and all colleagues that I am working and consulting very closely with our friend, Senator "maître-professeur" Beaudoin.

[*English*]

FISHERIES

GOVERNMENT POSITION ON INTERNATIONAL LEGAL DOCTRINE RESPECTING PURSUIT AND ARREST OF VESSELS FISHING ILLEGALLY

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government in the Senate, which is really supplementary to questions that were addressed to him yesterday by Senator Stewart regarding the issue of *Saguenay* and *Concordia*.

My first question is: Why did *Saguenay* not pursue *Concordia* and arrest it? Why did it turn back when it reached U.S. territorial waters? My understanding is that—

Senator Roblin: What is this, hot pursuit?

Senator Austin: Yes, thank you, Senator Roblin; another expert in international law. My understanding is that—

Senator Roblin: Do you approve of that?

Senator Austin: Yes, indeed. I understand that in international law—and the Canadian government accepts the doctrine and says it applies it—if a pursuit begins within waters under the control of Canada and the pursuit is continued, then an arrest may be made. I wonder whether this is still the position of the Government of Canada; if it is, in theory, then why does it not issue these instructions in practice?

• (1450)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I would want to obtain a prepared reply to those questions. My colleague, Mr. McKnight, the Minister of National Defence, and several other ministers, I believe, replied to questions of that kind yesterday in the House of Commons. The notes I have from yesterday indicate that HMCS *Saguenay's* attempt to arrest *Concordia* was conducted according to established procedures and that the graduated use of force is strictly governed by these established procedures and may only be undertaken with ministerial authorization.

Senator Austin: Honourable senators, is the minister suggesting that it could be the policy of the Government of Canada to overtake a vessel, although it may have entered American territorial waters, but for reasons of comity the government does not propose to use its international legal rights?

[Senator Denis.]

Senator Murray: Honourable senators, that suggests that I should obtain a prepared reply to the questions Senator Austin has asked. My information is that the U.S. enforcement authorities have been very cooperative, and that upon *Concordia's* landing an inspection was immediately conducted by Coast Guard and National Marine Fishery Service officials. I am told that the U.S. officials will consider laying a charge under the Lacey Act, which prohibits the importation of fish caught illegally outside U.S. waters. No charges will be laid, however, until the U.S. authorities have had the opportunity to examine the evidence gathered by the Department of Fisheries and Oceans. That information will be forwarded to the U.S. authorities as soon as possible following the return of HMCS *Saguenay* to Halifax. I indicated yesterday that, when that happens and when the fisheries officer has had an opportunity to consult with crown counsel in Halifax, a decision will be taken as to what charges should be laid here.

DISPARITY BETWEEN U.S. AND CANADIAN PENALTIES FOR ILLEGAL FISHING

Hon. John B. Stewart: Honourable senators, may I ask a supplementary question? Yesterday the Leader of the Government in the Senate said that it is quite possible that charges will be laid in Canada. He did not indicate how it will be possible to assure the presence of the skipper of *Concordia* or any other responsible American resident in a Canadian court. It seems to me that the minister evades the problem when he says that charges will be laid in Canada. Let me ask this question: Is it a fact that the penalties which would be imposed in an American court under American law are small as compared to the penalties for a comparable offence under the Coastal Fisheries Protection Act?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am not in a position to reply to that question today. I shall obtain the information as to the penalties that apply for the various relevant charges in either jurisdiction.

Senator Stewart: I thank the Honourable the Leader of the Government for that response. I think we are getting very close to the heart of the matter. From various things that I have read I get the impression that, when American skippers succeed in retiring to American waters and are then arrested and found guilty, the penalties are so small relative to the value of the catch they may get away with if they are not arrested that it is really a worthwhile chance for them to take. I am told that the skipper in this case said that Canada regarded its fish as gold. Apparently they do not in the United States, with the result that the penalties are considerably smaller. That is why I think that the kind of information the minister has agreed to bring to us will be valuable. I thank him.

Senator Murray: The statement by the captain of *Concordia* was that the Canadians are "guarding this line like it is Fort Knox." Canada is, as I said yesterday, conducting both surveillance and enforcement. I shall obtain the information the honourable senator seeks.

OVERFISHING BY EUROPEAN VESSELS IN ATLANTIC CANADA—U.S. LAW INCREASING ATLANTIC CANADA LOBSTER SIZE REQUIREMENT

Hon. M. Lorne Bonnell: Honourable senators, we have been talking about fish, about Atlantic Canada, and about the crisis we are reaching in Atlantic Canada over the fisheries, where the Europeans, the Americans and the French—everybody but Canadian fishermen—are getting their fish. I notice in the paper today that the European Community suggested that they would triple the quota of fish they catch off the coast of Newfoundland. The Canadian spokesman said that overfishing by the western Europeans, particularly Spain and Portugal, has caused an environmental catastrophe in the region.

Honourable senators, it is not only a catastrophe for the environment; it is a catastrophe for the people in Atlantic Canada and a catastrophe for employment and the economy. It seems that the only thing the Canadian spokesman said was that it was a catastrophe for the environment. I agree that it is a catastrophe for the environment, but it is also a catastrophe that Canada did not put up a bigger argument than that to stop Europeans from overfishing in Canadian waters. Considering that the Europeans want to triple their quota, is that the best argument that the Canadian government can put forward to stop them?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is my information that the European Community's fisheries commissioner has proposed a package of quotas that would significantly reduce pressure on two of the three Grand Banks flat fish stocks, American plaice and yellow tail flounder, as well 3NO cod. The Government of Canada states that this is a step in the right direction that should help these stocks which have been heavily overfished by EC vessels in recent years. Canada objects to the EC proposals to continue to fish some other key stocks in the area, especially 2J3KL cod at levels well above the quotas set by the North Atlantic Fisheries Organization. Canada has called on the European Community again to comply with NAFO quotas and other conservation measures adopted by NAFO. It is not yet clear how the EC Council of Fisheries Ministers will react to the proposals of the commission. I am informed that decisions will be taken only at the ministers' meeting scheduled for December 18.

Senator Bonnell: Honourable senators, I hope that the Canadian government will put up a strong argument to support our Canadian fishermen and that it will not just talk about the environment at a time when the whole economy of Atlantic Canada is at stake.

I also noticed in the press that the President of the United States has signed into law a bill whereby the size of lobsters caught in Atlantic Canada for sale to the United States must be increased. This is another blow to the Atlantic coast fishermen. Apparently the Prime Minister of Canada has written to the President of the United States and said that the new law is "a direct violation" of the Free Trade Agreement. This Free Trade Agreement has cost the Atlantic fishermen many jobs and has nearly ruined their industry, and even the Prime Minister is finally beginning to realize that it is the killer as far as Atlantic Canada is concerned. The Prime Minister says that the only thing left for us to do is to retaliate in accordance with Canada's rights under the Free Trade Agreement. How does the Prime Minister of Canada propose to retaliate against the President of the United States?

Senator Murray: Honourable senators, I take from the second part of the honourable senator's question that it is still the policy of the Liberal Party to tear up the Free Trade Agreement with the United States. It is good to have that on the record, and I presume that the Liberal Party will be fighting the next election, as they fought the last one, on the subject of the Free Trade Agreement, and with the same results.

• (1500)

With regard to the action taken by President Bush, he signed into law a bill that passed the Congress on the matter of the size of lobster that would be permitted into the United States. The Prime Minister of Canada, in a letter to President Bush, did, indeed, indicate that it is open to us to take retaliatory measures. Those would be in the trade field. More importantly, the Prime Minister has stated our intention to have recourse to the dispute-settlement mechanisms available to us under the Free Trade Agreement. We believe that the action taken by the United States Congress and administration is unjustified and, in fact, contravenes international trading obligations. There is a process to deal with these matters and we will be dealing with them.

With respect to the first part of the honourable senator's question and his assertions about the actions that the Government of Canada has taken with regard to European overfishing in the northwest Atlantic, I can obtain a prepared report for the honourable senator and bring it in one of these days, but, for the moment, I think I should state for the record that the government has initiated a European public information campaign, which has been successful in raising awareness of the political, socioeconomic and environmental impacts of European overfishing in the NAFO-regulated area on both sides of the Atlantic.

As part of this initiative, the government announced the appointment of the Ambassador for Marine Conservation, Mr. Alan Beesley, to coordinate the campaign in cooperation with governments and representatives of industry and fishermen.

The honourable senator should also be aware of the visits to Europe that were made by Mr. Crosbie and Mr. Lucien Bouchard to attend high-level meetings with European decision makers, which, in our view, achieved a more complete understanding by Europeans of Canadian concerns within NAFO and the seriousness Canada places on this issue. There have also been letters from the Prime Minister, from the Secretary of State for External Affairs and from the Minister of Fisheries and Oceans to their European Community counterparts to strengthen these diplomatic efforts. A parliamentary delegation recently visited Europe and was successful in reinforcing Canada's efforts in this regard. A recent industry-led delegation visited Portugal, the U.K. and the Federal

Republic of Germany. This delegation reports that they had success in reaching common ground with their industry counterparts, emphasizing the serious Canadian concerns of continued EC overfishing.

I may say that the campaign has generated substantive and substantial news coverage in European print and broadcast media, reinforcing the diplomatic efforts and further sensitizing European audiences to the need to end EC overfishing in the NAFO-regulated areas.

Senator Bonnell: I would point out to the honourable senator that what we need is not necessarily education of the European Community; what we need is for the Government of Canada to show some leadership. Canadians themselves do not know who speaks on behalf of the fisheries. Is it the Minister of Fisheries and Oceans? Is it the Minister for International Trade? Or is it the Secretary of State for External Affairs? The people of Canada, including the fishermen, are confused as to who has the responsibility for the fishery in Atlantic Canada.

A press release dated today—not yesterday or last week—states:

> European Community officials, fueling a long-running dispute with Canada over fishing off the coast of Newfoundland, proposed quotas yesterday for 1990 more than three times higher than those suggested by the Northwest Atlantic Fisheries Organization.

Honourable senators, I am still against the Free Trade Agreement with the United States; if we do not realize how dangerous that deal is to Atlantic Canada, we will have no country left by the time this government is ousted.

EFFICACY OF CANADIAN REPRESENTATIONS TO EUROPEAN COMMUNITY ON MAINTENANCE OF ATLANTIC CANADA FISH STOCKS

Hon. John B. Stewart: Honourable senators, the Leader of the Government has just now referred to visits being made by Canadians, including the Honourable John Crosbie, to European Community countries. It has been established that the European Community has allowed the ravishing of the fishing grounds within the territorial seas of member states. In Great Britain, for example, fishing stocks have been reduced to an historic low.

In view of the fact that the European Community countries have demonstrated so little concern for preserving their own fish stocks, why does he think that even Mr. Crosbie can persuade them to show respect for maintaining fishery stocks on this side of the north Atlantic?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Stewart is asking for an opinion as to the possible efficacy of representations made by Mr. Crosbie and other ministers of the Crown. I would take it from the statement that was issued today by the government that those ministers, industry spokesmen and parliamentarians who have been making representations in Europe have made some headway, at any rate, with the EC fisheries commissioner.

As I indicated, it appears that the commission has proposed a package of quotas that would significantly reduce pressure on two of the three Grand Banks flat fish stocks. We object to other proposals that the commissioner has made, but certainly some of the recommendations appear to the government to be a step in the right direction. It remains now for the Council of Fisheries Ministers of the European Community to respond to the proposals of the commission.

Senator Stewart: This is a very important matter. It is obvious at this point that we cannot do more than speculate as to even the short-term outcome.

Will the minister agree to take a watching brief on this matter and to report back to the Senate, let us say as soon as we come back in the new year? Will he agree to indicate what, if any, progress has been made up to that time? I am not pressing him for information, which he obviously does not have now, but will he undertake to have information gathered so that we can come to regard him as the minister who really speaks for the government with respect to fishery matters?

Senator Murray: Honourable senators, as I indicated some weeks ago, I am a member of the cabinet committee on the eastern fishery and I will undertake, as the honourable senator has suggested, to bring the Senate up to date on these issues when we return after Christmas.

CLOSURE OF FISH PLANTS IN ATLANTIC PROVINCES—DIVERSION OF QUOTAS TO OTHER PLANTS—IMPACT ON AFFECTED COMMUNITIES

Hon. L. Norbert Thériault: Honourable senators, my question regarding fisheries policy is directed to the Leader of the Government in the Senate. This is the second or third occasion on which he has mentioned that he is a member of the committee that deals with the eastern fishery.

Would the committee of which the honourable gentleman is a member give consideration to setting a policy to prohibit National Sea, or other companies that are closing plants, from turning away boats that are arriving at their plants and redirecting them to other plants? I am sure that, from his experience in Nova Scotia and Cape Breton, the Leader of the Government knows that there are many communities along the Atlantic coast, like Canso, that have plants. If their plants are closed and the fish quotas that usually land in those plants are transferred to other places, then, eventually, the major companies will have a maximum of one or two plants that will operate all year round. Everyone knows that that is the most efficient way for a large company to operate, based on the motive of profit, and profit alone. However, I hope that the minister and the government will consider establishing a policy that would prevent large companies from doing that and from destroying the potential livelihood of those people and communities that have lived off the fishery for the last 200 or 300 years. Will the Leader of the Government in the Senate tell us what he thinks about that?

• (1510)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I indicated yesterday in an exchange with Senator Stewart of Antigonish-Guysborough, what my friend seems to be suggesting is an end to the system of enterprise quotas.

Senator Thériault: Yes.

Senator Murray: That system has been in place for very many years. The honourable senator has not, however, proposed an alternative to that system. I shall take the question as notice, because it is an important and far-reaching one, and I shall ask my colleague, the Minister of Fisheries and Oceans, to prepare a reply.

Senator Thériault: Honourable senators, the enterprise allocation system was put in place, if I recall correctly, eight or ten years ago, on a trial basis for five years, and then it was renewed. It worked for National Sea and for Fisheries Products, but the end result is what we see now. It has not worked for the fishermen of Atlantic Canada. It has not worked for the fishing communities. Just because it was put in place ten years ago, when there was enough fish to go around for those plants to be operating, does not mean that it has to be kept in operation now, when communities are dying. It is people who are affected—people!

Honourable senators know what it means to a community to be told that its only industry will close in April, especially at a time when the government is announcing that it is going to cut back on unemployment insurance and when there has been cutback after cutback in the Atlantic provinces.

Can your government not come to grips with a problem that affects people, and forget about the bottom-line profit for once?

Senator Murray: Honourable senators, I repeat what I have said. The honourable senator has not proposed an alternative. I presume that the alternative he is suggesting is that of community allocations. As I say, that is a very far-reaching suggestion and would be a major change in the system that has been in force for many years. I will have it looked at and I will have my colleague, Mr. Siddon, prepare a reply to the honourable senator's question.

So far as the government is concerned, the honourable senator must know, if he was here yesterday, that we are making available to those communities all of the programs that are available, and then some, to try to ease the social and economic impact of these decisions on the people who live there.

I discussed some of this yesterday. Mr. Crosbie and Mr. MacKay, who were present in the communities themselves the other day, also made announcements to that effect.

AMOUNT OF FOREIGN CATCHES WITHIN CANADIAN 200-MILE LIMIT

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wonder if, while the minister is requesting information from the Minister of Fisheries, he would ask to have provided for us the amount of fish that is taken by foreign fleets within the Canadian 200-mile zone, by which countries, and pursuant to which agreements. Indeed, it would be helpful if we could know whether there is any latitude, short of renouncing agreements, by which the Canadian government could diminish, within the Canadian 200-mile limit, the takings of the foreign fleets.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will ascertain what solid information is available on that matter and bring it in as soon as possible.

PORTION OF NATIONAL SEA QUOTA LANDED IN NOVA SCOTIAN PORTS

Hon. John B. Stewart: Honourable senators, I should like to return to the quota question for a moment. In Nova Scotia, as a result of the restructuring of the fishing industry some years back, National Sea Products has virtually a monopoly of offshore fishery operations undertaken from Nova Scotia. In view of the fact that a government allocation of quota for the offshore fishery in Nova Scotia is made available to National Sea Products, would the minister undertake to get information as to what portion of the quota for which National Sea was eligible was landed at Canso, Lunenburg and the other ports in Nova Scotia? In other words, given the fact that National Sea Products is given access to a Canadian resource, would the minister discover how, in the past two or three years, National Sea has allocated the fish caught under that quota to its several plants in Nova Scotia?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think that at least some of that information is readily available. If it is, I will bring it in. For that which is not readily available, I will see if it can be obtained.

Senator Stewart: I thank the honourable senator.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to three questions. I will have the copies distributed to the senators who asked the questions and I ask that the answers be printed as part of today's proceedings.

PHARMACEUTICAL INDUSTRY

CONNAUGHT LABORATORIES—GOVERNMENT ACTION TO PREVENT SALE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 29 last by the Honourable Senator Haidasz respecting Pharmaceutical Industry—Connaught Laboratories—Government Action to Prevent Sale.

(*The answer follows:*)

The Minister responsible for Investment Canada, today announced regulatory approval of two separate foreign bids to acquire Connaught BioSciences, Inc. of Toronto.

Connaught has unsuccessfully sought a Canadian investor, or strategic partner, with the necessary resources and technological leadership to ensure its continued corporate growth and competitiveness.

The regulatory approvals involve proposed acquisitions by Institut Mérieux, based in France; and by J.V. Vax, a joint venture between Ciba-Geigy Limited of Switzerland and Chiron Corporation of California.

Either of these proposed acquisitions would bring important advantages not only to Connaught, but also to Canada's biotechnology industry as a whole, because of the large potential for growth. In addition, both proposed acquisitions would ensure that Canada is in the forefront of the vaccine industry, and that Connaught itself will be a central player at the global level in this key industry sector.

The approval of both bids is the result of the most comprehensive and rigorous analysis and review to ensure that each proposal is likely to be of net benefit to Canada, the test which is applied under the Investment Canada Act. Investment Canada secured extensive legal undertakings from both applicants on such matters as Canadian identity, participation and autonomy; financial commitments to increase research and development; and assurance of security of supply/self-sufficiency in vaccines.

These important undertakings demonstrate the commitment of both applicants to the future development of a world-scale biotechnology industry in Canada.

CANADA-UNITED STATES FREE TRADE AGREEMENT

JOB CREATION IN CANADA—CATEGORIES OF JOBS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 21 last by the Honourable Senator Perrault respecting Canada-United States Free Trade Agreement—Job Creation in Canada—Categories of Jobs.

(*The answer follows:*)

Available statistics can only partially address the question. Reports that will provide full answers will not be available for some months.

Over 80 per cent of the new jobs created in 1989 have been full-time jobs (by comparison only 6 per cent of jobs created under the previous government were full-time jobs).

For September 1989, the latest month for which data are available, average weekly earnings were 5.6 per cent above the level in September 1988. We have reason to believe this trend will continue as more data become available.

Given the Honourable Senator's interest in the quality of jobs, it would interest him to know as well, with regard to the period between 1987 and 1988, the latest period for which total income data are available, that the most rapidly growing income group was that earning between $15,000 and $30,000 per annum or between $7.20/hour and $14.40/hour. Between 1987 and 1988, the number of such jobs increased by 269,000.

In the long run, increases in real incomes depend on rising productivity and a more competitive economy. A major objective of the trade agreement is to secure productivity gains which in turn will result in rising real wages.

NORTHERN CANADA

REQUEST FOR REINSTATEMENT OF FULL NORTHERN MAIL SUBSIDY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 29 last by the Honourable Senator Watt regarding Northern Canada—Request for Reinstatement of Full Northern Mail Subsidy.

(*The answer follows:*)

To ensure any changes to the Northern Air Stage Program are made in full consultation with the people of the North, two federal government representatives (one each from Canada Post and Indian & Northern Affairs) will travel to the North, before Christmas, to meet with representatives of the various communities that benefit under this Program. They will discuss the application of the rate increase scheduled for January 31, 1990.

It should be noted, that the rate increase was delayed from its original November 13 start date, in order to allow these meetings to take place and facilitate further participation by the affected parties.

PEOPLE'S REPUBLIC OF BULGARIA

OFFICIAL VISIT OF SPEAKER OF THE SENATE—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

The Hon. the Speaker: Honourable senators, I give notice that on Tuesday next, December 19, 1989, I will call the attention of the Senate to my official visit to the People's Republic of Bulgaria from June 13 to 15, 1989.

HUNGARY

OFFICIAL VISIT OF SPEAKER OF THE SENATE—NOTICE OF INQUIRY

The Hon. the Speaker: Honourable senators, I give notice that on Tuesday next, December 19, 1989, I will call the attention of the Senate to my official visit to Hungary from June 16 to 19, 1989.

ENERGY SUPPLIES EMERGENCY ACT ACCESS TO INFORMATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Efstathios William Barootes moved the second reading of Bill C-4, to amend the Energy Supplies Emergency Act and to amend the Access to Information Act in consequence thereof.

He said: Honourable senators, it has been over ten years since Royal Assent was given to the Energy Supplies Emergency Act. This act was put in place to deal with any possible disruption of the international oil market and its impact on Canada. It is designed to ensure that Canada has an appropriate contingency plan in place to meet any oil supply shortage.

As a result of the oil market crisis in 1973 and 1974, Canada became party to the agreement on an international energy program, which is administered by the International Energy Agency. Through that agency 21 of the 24 nation members of the Organization for Economic Cooperation and Development are joined in planning their collective energy and economic security.

The Energy Supplies Emergency Act established the Energy Supplies Allocation Board and made it responsible for Canada's fulfilment of the act's objectives and programs, chiefly the allocation of crude oil and oil products and the rationing of gasoline and diesel fuel during an oil-supply shortage. The Energy Supplies Allocation Board is also responsible for Canada's obligations under the International Energy Agency's emergency oil-sharing program.

• (1520)

The act underwent a series of amendments in 1982 to improve the allocation and rationing programs. Those amendments were developed in consultation with the petroleum industry, the provinces and territories. Again, after consulting with the provinces, industry and the territories, the government is advancing another series of housekeeping amendments in Bill C-4 in order to improve provisions of the act so that they can be more effectively implemented. These amendments are designed to overcome operational problems which the industry and the board have together identified.

I will briefly review the clauses of this bill.

Clause 1 amends the definition of "wholesale consumer" to include owners of homes, farms, and small businesses, and thus ensures their fair share of available supplies in case of allocation or rationing.

Clause 2 amends the composition of the Energy Supplies Allocation Board, removing Petro-Canada's membership from the board. Since its appointment to the board over a decade ago, Petro-Canada has evolved from being an instrument of public policy to becoming a major competitor in the marketplace. It now seems inappropriate to have Petro-Canada represented on the board, given the confidentiality of information supplied to the board and the control which the board would exercise on the marketing side of the petroleum industry in the event of a declared emergency. This amendment is designed to remove Petro-Canada's conflict of interest, and Petro-Canada agrees and supports the amendment.

Senator Frith: They had better!

Senator Barootes: In line with clause 2, an amendment in clause 3 replaces Petro-Canada on the International Energy Agency's standing group on emergency questions with a senior official of the Energy Supplies Allocation Board or a member of the Energy, Mines and Resources Department.

Clause 4 removes an ambiguity in relation to the Energy Supplies Allocation Board's powers to regulate wholesale prices in an allocation program. It authorizes the board to set the process or manner for determining wholesale prices for controlled products. This is in addition to their existing authority to set prices, or a range of prices, and would allow the Energy Supplies Allocation Board to be sensitive to market forces.

Clause 5(1) would provide flexibility to the Energy Supplies Allocation Board to use any department or agency of the Government of Canada—not only Canada Post Corporation—to distribute, return and account for rationing documents. Canada Post may not be the most appropriate agency to perform any or all of these duties, and this amendment would enable the Energy Supplies Allocation Board to use other government agencies, if appropriate.

Clause 5(2) extends the powers of the Energy Supplies Allocation Board to regulate rather than prescribe retail prices under the rationing program.

Clause 5(3) would allow financial institutions under provincial authority, for example, credit unions and caisses populaires, to participate in the delivery of the rationing program along with banks and trust companies.

Clause 6 relates to the contractual supply obligations at the time of allocation and rationing. This amendment would make it clear that existing contracts would remain in force despite price changes arising from the board's regulation in times of emergency.

Clause 7 concerns petroleum companies and their role in the Energy Supplies Allocation Board. During a national emergency it is essential that companies be able to discuss their supply situation at meetings of the Petroleum Industry Advisory Board. This is made possible by exemption from the Competition Act. The amendment simply extends the protection under the Competition Act from 12 months to 24 months in order to save time and effort, because it has been proven that the process of obtaining the exemption involves a number of months each time. This extension would result in no loss of time or effort in the regulatory control process.

The Energy Supplies Allocation Board is privy to very sensitive commercial information, which should only be used for its purposes. Clause 8 would place a duty of confidentiality on the Energy Supplies Allocation Board, its officers, its independent contractors, agents and employees assigned to it. It further provides that confidential information may not be released for legal proceedings, except for the administration and enforcement of this act or for criminal proceedings under an act of Parliament. As a consequence of adopting the aforementioned amendment on confidentiality of information, clause 9 amends the schedule to the Access to Information Act by adding the Energy Supplies Emergency Act.

Honourable senators, the need for Canada to maintain its state of preparedness against a possible petroleum emergency continues to be an important component of Canada's energy policy. The bill before this chamber today is simply a further step in the process of strengthening the provisions of the Energy Supplies Emergency Act so that they may be more effectively implemented.

I commend it to this chamber for expeditious consideration and passage.

On motion of Senator Frith, debate adjourned.

DEPARTMENT OF INDUSTRY, SCIENCE AND TECHNOLOGY BILL

CONSIDERATION OF REPORT OF COMMITTEE

The Senate proceeded to consideration of the eighth report of the Standing Senate Committee on Social Affairs, Science and Technology (Bill C-3, An Act to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industry Expansion Act and to make consequential amendments to other Acts), presented in the Senate on Tuesday, December 12, 1989.

Hon. R. James Balfour: Honourable senators, I yield to Senator Marsden.

Hon. Lorna Marsden: Thank you, Senator Balfour.

Honourable senators—

Hon. Orville H. Phillips: I am sorry to delay the Honourable Senator Marsden, but I would raise a point of order which arises out of yesterday's proceedings. Rule 78(4) states that when a bill is reported without amendment, the sponsor of the bill shall then move the third reading at a subsequent sitting. I realize that in the past we have followed the procedure followed yesterday, but I am sure that people like Senator Frith and Senator Molgat, who like to follow the rules very carefully, must have slipped up yesterday, and I hope that the Senate makes itself aware of rule 78(4). It would in no way exclude any honourable senator from commenting on the committee hearings. That can be done on third reading, and I think that was the intent of the Senate.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on the point of order, Senator Phillips is quite right. It is very clear from the rules that, with respect to a bill reported without amendment, the report stands adopted without debate and the sponsor of the bill, if I remember the wording, shall move third reading of the bill.

What we have done, as he will remember, is gradually to allow a tradition to be established—I suppose that is the way to put it—a tradition that the chairman of the committee asks leave to make some comments at that stage. It has come to the point—and I agree with Senator Phillips—that, rather than the chairman asking for leave and the Senate making an exception to the rules, this has become almost more a habit than a following of the rules.

I agree with him that it is preferable to stick to the rules. If we do not like them, we can amend them, because, as he has pointed out, no one is being deprived of an opportunity to speak. It takes a matter of moments for the sponsor of the bill to move third reading, and then the chairman of the committee can stand and intervene at third reading and say everything that could have been said under the other circumstances. Therefore, I support the point of order raised.

• (1530)

I do not think this causes any problem for Senator Marsden. Rather than Senator Balfour yielding, which he did very politely, he can, in the other tradition, move third reading. Then Senator Marsden can proceed. If we want to make an exception at some time, we can do so, but it has come to be that the exception is almost the rule.

Senator Marsden: Honourable senators, yesterday I did ask permission to speak after the Clerk had read the report. I understood that that permission was granted. Am I not correct?

Hon. Gildas L. Molgat: Honourable senators, on the point of order, I think Senator Phillips is absolutely correct. The Deputy Clerk of the Senate, yesterday, brought this to my attention. I suggest that we put it on the agenda of the Rules Committee for consideration at its next meeting to see whether a change in the rules is warranted. We are receiving more and more extended explanations in the reports of committees on legislation. It may well be that the Senate will want to change the rule to indicate that, in a report from a committee, there is some mechanism for discussion. The Rules Committee will be examining this matter.

Hon. Jacques Flynn: I thought that at one point the Rules Committee had already considered that it was not within the mandate of a committee to make observations on a bill when it was reported without amendment. This procedure has not been followed. I think this is a good occasion on which to protest against the bad habit of adding a speech to the report of a bill without amendment.

Senator Frith: Honourable senators, I remember that my first experience with this procedure was when Senator Hayden brought in his reports from the Standing Senate Committee on Banking, Trade and Commerce. We began to allow him to make comments at that stage.

Senator Flynn: Comments, yes, I agree with you. But I am saying that in cases such as this the committee reports the bill

without amendment "but with the following observations," and submits a written report. That is what I am objecting to. If the chairman of a committee, in reporting a bill, asks to comment on the work of the committee, I can agree to that. But to submit a written report such as we have received in this case—and it has become a habit to report "with the following observations"—is a practice which, in my view, is not allowed by our rules and which has become very abusive of time and money.

Senator Frith: Honourable senators, I suppose we do not agree as thoroughly as I thought we had. I agreed with what I understood to be the comment of Senator Phillips. I do not agree with this objection against reports being submitted "with the following comments." Perhaps it would be a good idea to examine this matter in the Rules Committee.

Senator Balfour: Honourable senators, if I may interject, I do not think Senator Marsden is trying to be abusive; nor am I or anyone else.

Senator Flynn: No, no.

Senator Balfour: There was an interjection made yesterday and there have been discussions today. I thought that I had agreed; Senator Marsden thought that she had agreed; and apparently the leadership on both sides had agreed that Senator Marsden would be able to make her comments today. If we want to reexamine the rules, by all means let us do so, but why interfere with the proceedings today? Senator Marsden, through the encroachment of time and the need for Royal Assent, was denied the opportunity yesterday to make her comments. I hope that she will have the privilege of making those comments today.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, there is no intention to prevent Senator Marsden's speaking today.

Senator Frith: No. This is a matter of the guise under which she does speak; that is all. There was no suggestion that she should not speak. Let us proceed.

Senator Marsden: I thank Senator Balfour for his kind intervention. I will try to be brief in speaking to Bill C-3.

Senator Frith: Don't be any more brief than you were going to be.

Senator Marsden: Thank you.

Honourable senators, Bill C-3, to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act and to make consequential amendments to other acts, was introduced in the House of Commons on May 12, 1988, and died on the order paper. The bill was reintroduced in the House of Commons on April 12, 1989. The bill was introduced in the Senate and was referred to our committee on June 28, 1989. The committee examined the bill, received testimony from 15 witnesses, and tabled its report with the following statement.

Bill C-3 establishes the Department of Industry, Science and Technology. The new department is the result of a merger of the Ministry of State for Science and Technology, otherwise known as MOSST, and the Department of Regional Industrial Expansion, otherwise known as DRIE. When presenting Bill C-3, Senator Balfour described the new department as the government's "economic flagship charged with ensuring our international competitiveness through the effective integration of Canadian scientific, technological and industrial activities." In my remarks of June 28 I stated that I thought there were significant problems in the bill and that it would not lead to the creation of an "effective economic flagship." Subsequent to the review of Bill C-3, I concluded that my apprehensions had been substantiated. Let me explain.

The objective of the bill is essentially to help make Canadian industry competitive in the area of research and development and science and technology. From the testimony we heard, members of the committee ascertained five problematic areas: the scope of the objectives; the impact of the structure of ISTC on science and technology; strategies for promoting investments; foreign ownership of Canadian companies; and ISTC's approach to regional development. Let me briefly discuss these concerns.

The first issue is the scope of the proposed legislation. Bill C-3 proposes to accomplish a wide diversity of objectives, such as those mentioned above, including tourism. However, it is the committee's belief that legislation that tries to accomplish too many objectives runs a serious risk of compromising them. Our concern was supported by much of the testimony. For example, Mr. John Roth, Executive Vice-President, Product Line Management, of Northern Telecom Ltd.—and honourable senators will know that Northern Telecom is one of the great research and development companies in the country—expressed the view that the extensive responsibilities of the department could hinder its effectiveness. He said:

> Ideally, the newly formed ISTC would have a strong role to play in international trade . . . I believe that the current design of ISTC will cause the Ministry to have an inward bias that is more concerned with regional disparity than it is with international competitiveness.

Dr. Michael Bradfield, Professor of Economics at Dalhousie University, commented on the problematic scope of the proposed legislation as follows:

> In looking at the bill after I was asked to testify, I thought, "I cannot speak to the bill per se because it is so general it could justify just about anything"... This department will promote science and technology, a little bit of regional development, small business and even tourism. I do not know how tourism got in there . . .

The second concern of committee members is the structure of the new department and its impact on the development of science and technology across Canada. Many of the witnesses discussed this issue and raised the following unanswered questions: First, what is the effect of the overlap in roles between the ministers by virtue of which the Minister for Science acts with the concurrence—and I emphasize that word—of the minister for the new department? Second, who does the Chief

Science Adviser report to if any associate deputy minister of ISTC may be designated as Chief Science Adviser? In other words, does the Chief Science Adviser report to the Minister for Science or to the deputy minister of the new department?

● (1540)

Third, will the role of the Chief Science Adviser be filled by an individual with expert knowledge in the area of science?

Fourth, the Minister for Science has been assigned the role of facilitating cooperation among government and many non-governmental entities in Canada and internationally. Beyond coordinating ideas from these various sources, what will the Minister for Science do with this information? Why is the Minister for Science, and not the chief science adviser, assigned the role of coordinator? These questions were put to our witnesses, including the ministers, and we received no answers.

Dr. Arthur Collin, vice-president of Precarn Associates Inc., expressed his apprehensions regarding the situation of a Minister for Science acting in concert with a Minister of Industry, Science and Technology:

> The fact that there will be two ministers in the new department will also tend to characterize the way it will work. I think the minister responsible for science will be seen as the junior minister since he is to assist the Minister of Industry, Science and Technology and is to act with the concurrence of the minister in carrying out such of the minister's responsibilities as the minister determines.

Professor Pamela Smith, president of the Canadian Association of University Teachers (CAUT), focused on the lack of coordination provided for in the proposed legislation. She said:

> The goals for the proposed department are valuable and desirable . . . The impossibility of unilateral action is, of course, recognized by the bill where specific reference is made to the need for a cooperative effort between many of the agencies, such as in clause(s) 8, 10, 11, 12 and 13. But although such cooperation is mentioned quite specifically, it appears to CAUT that one of the principal weaknesses of the bill is its silence about the means by which this important, vital function will be achieved.

Clearly, many of the witnesses supported the committee's belief that the organization of this department is problematic. The roles of the key players are not explicitly defined and, as well, the mechanisms of coordination are unclear. Since the committee discussed this it has begun to emerge as an issue in the reports in the public press. Those interested in the subject will no doubt have seen the article by Mr. James Rush, the distinguished correspondent with the *Globe and Mail*, in which he quotes someone as saying that the Honourable Minister Harvie Andre has "trouble distinguishing his role as Minister responsible for Investment Canada from his role as Minister of Industry, Science and Technology". Whether that is or is not true, that is a very difficult perception with which this department will have to deal.

[Senator Marsden.]

The third problem we discovered is the absence of strategies for implementing objectives of the department.

Dr. Geraldine A. Kenney-Wallace, chairman, Science Council of Canada, suggested that a test of the new department is to provide direction. She said:

> That is the challenge of the new Department . . . to provide leadership, vision, strategy, and most of all a culture in which the time scales and the opportunities come together.

Yet there are no strategies, for example, to stimulate investment in Canadian industry, science and technology.

Your committee focused its attention on the alarming number of Canadian companies—such as Connaught Bio-Sciences Inc., about which we heard some discussion this afternoon, Mitel Corporation, Leigh Instruments, and Lumonics Inc.—as an illustration of the need for strategies to achieve these goals. These companies could not find the necessary capital investment from Canadian sources to survive. Hence, they were the object of foreign takeovers. Although ISTC was functioning unofficially as a department, as it has been doing for a couple of years, it did not suggest schemes for obtaining needed capital for any of these companies.

Dr. Marc Vaillancourt, president of the Association of Canadian Venture Capital Companies, emphasized the importance of small and medium-sized companies in increasing Canada's presence in the global economy and offered suggestions for encouraging investment in these enterprises. He said:

> We believe that vehicles with incentives similar to the Ontario S.B.D.C.'s and Quebec Q.S.S.P.'s would stimulate investment in this area and help to defray the high cost of making investments in early stage companies.

Dr. Peter King, past president of CAUT, suggested a strategy to increase investment in research and development. He said:

> It is for this reason that we have noted, and we support, previous recommendations (in the Lamontagne Committee Report on Science Policy) that Canada should move towards spending 2.5 per cent of its Gross Domestic Product on research and development, as do our trading competitors.

The fourth concern discussed by the committee is the issue of foreign ownership of Canadian companies. ISTC has not played a role in preventing or providing an alternative to foreign takeovers. Many of the witnesses from both academia and industry suggested that foreign ownership is not neccessarily undesirable if the intellectual property developed in Canada is not entirely lost to Canada.

Dr. James Keffer, vice-president of research at the University of Toronto, explained to the committee that Canada can benefit from takeovers if the ideas developed in Canada continue to be applied to Canadian industry, science and technology. He said:

> Foreign ownership by itself may not be a bad thing as long as we can keep the technology transfer chain and use

> our intellectual technology in a vital way and exploit it in a vital way for the Canadian public and for the Canadian community.

Mr. MacDiarmid, president and chief executive officer of Lumonics Inc., stressed that while the Lumonics Inc.-Sumitomo Inc. arrangement is a tradeoff of domestic ownership, it favours job protection, survival of an enterprise, and participation in the global economy. In his testimony he said:

> There is no doubt that they—

referring to Sumitomo—

> have invested in the fundamental technology, have a leadership position in it, and Lumonics, I believe, in teaming up with a Japanese company, has taken a very important step towards long-term survival, which involves, it is our hope, getting access to some of that technology that we can transfer into Canada.

The fifth and final problem the committee ascertained is the proposed approach to regional development.

National policies relating to industrial competitiveness and development of science and technology call for a regional component. Yet this legislation fragments the approach by governing regional development only in Ontario and Quebec while WD and ACOA regulate regional development in the western and eastern provinces, respectively. This concern is further extended by the failure of the legislation to provide clear mechanisms of coordination among the three governing bodies.

Dr. Neil Swan, senior research director of the Economic Council of Canada, commented on ISTC's fragmented approach to regional development:

> The associated fragmentation of responsibility for disparities between this department and two agencies (WED and ACOA) may be a step backwards in the struggle to combat disparities.

Dr. Tim O'Neill, president of the Atlantic Provinces Economic Council (APEC), stated that regional development does not appear to be a serious concern under the proposed legislation. He said:

> APEC sees this as a further watering down of the concept and function of regional development policy, and a ipso facto reduction in the commitment to genuine regional development.

As well, many of the witnesses pointed out that the legislation governing WD and ACOA does not cover research and development or science and technology because the Minister of ISTC has the exclusive mandate over science and technology. Because of the segmented approach of the proposed legislation, it appears that Ontario and Quebec will have at their disposal the funds of the Government of Canada while the other provinces will not. Dr. Michael Bradfield made the following observation regarding his fear that ISTC's new approach will not promote science and technology across Canada:

> It does concern me that the bill speaks about Quebec and Ontario for regional development and only makes passing references to the rest of Canada. I would be concerned that, as I think at least one of your witnesses has said, the science base is seen to be the golden horseshoe from Quebec to Montreal to Toronto, and the rest of Canada is written off for any possible science and technology base.

Rather than amend legislation for a department that has been in operation for about two years, we concluded our examination of Bill C-3 with a number of recommendations which were in our report yesterday. The recommendations are as follows:

We are of the view that the annual estimates of the new department of ISTC should be referred to the Standing Senate Committee on Social Affairs, Science and Technology so that the department's activities can be monitored in order to determine if programs are being implemented.

• (1550)

We urge the new department, once it is officially established, to adopt strategies that will create incentives to promote investment in Canadian industry, science and technology, and in our report we discuss possibilities.

We urge the new department, once it is established, to review its policies relating to foreign ownership, taking into account the issue of intellectual property rights to ensure that knowledge developed in Canada leads to the application of this knowledge in Canada through investment.

Honourable senators, coming to the very important question of economic regional development, we strongly recommend that some mechanism be created to guarantee strong linkages between ISTC and ACOA and between ISTC and western development to ensure that the approach to science and technology presently described in this bill is extended to the whole of Canada.

Furthermore, we advocate that the ministers responsible for those two development agencies, namely, ACOA and WD, institute with the Minister of ISTC a permanent committee to coordinate and regulate the development of science and technology across this country.

Honourable senators, as members of this committee, we strongly advise that these recommendations be followed in order to create a vital department capable of reaching its objectives of ensuring our international competitiveness by promoting and developing an integration of our scientific, technological and industrial activities. In our opinion, if these suggestions are respected, Canada will have the organizational structure necessary to compete in the emerging global economy in the very near future.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Balfour, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

COPYRIGHT ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Marsden, seconded by the Honourable Senator Turner, for the second reading of the Bill S-8, An Act to amend the Copyright Act.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should like to take just a few moments of your time to comment on Senator Marsden's bill. First of all, I should congratulate the senator on her interest in this matter and for the obvious care and attention she has paid to preparing the amendment. I do not think it would disappoint her or surprise her if I were to tell her that the Government of Canada does not seem to be as enthusiastic about the proposed amendment as she is.

The revision of Canada's Copyright Act is of the greatest importance to producers of original works of art and literary items in our country. It establishes a basis upon which our artists, writers and filmmakers, to mention some, can make their living. At the same time, the law establishes a foundation for our cultural industries such as publishing, film, sound recording and broadcasting.

As more copyright materials are created, and as creators seek to maximize the financial returns of their efforts, more information and artistic works become available to the public. However, in order to benefit from these works, consumers of copyright materials, like educators, require ease of access to them—at the lowest possible price.

Thus, it is the role of the government in revising the copyright law to reconcile these two competing interests: that of the originator to be compensated for the use of his work and that of the user to have reasonable access to that work. The use of copyright materials is not new to classrooms across the country. In many, and perhaps most instances, the copying of books and articles, or the showing of rented videos and copying of software, has been an ongoing activity in educational institutions. But these activities are illegal if permission is not obtained in advance.

Creators are now more organized and prepared to fight for their due compensation. With the mechamisms provided in Bill C-60, which amended the Copyright Act in the last Parliament, these people have been preparing to exercise their rights.

Under this bill, which was passed in June 1988, artists may group together to form an association called a collective. The collective will then negotiate with a group of copyright users, such as educators. The resulting agreement will grant educators access to use all of the works in the collective's repertoire. If the educators and the collective cannot agree on the royalty fee for such use, either party may ask the Copyright Board to set the royalty fee.

The collective management of copyright is being employed around the world in different sectors of copyright. More importantly, collectives have existed in Canada for over 50 years in the musical performance rights area. With Bill C-60 in effect, a national photocopying collective has begun negotiations with some provincial school boards for the copying that takes place in schools.

[The Hon. the Speaker.]

Senator Marsden has now tabled Bill S-8, which would exempt educational institutions from obtaining copyright permission and paying copyright owners for the use of materials in classrooms if an agreement is not obtainable on reasonable terms and conditions. The government is opposed to this proposed piece of legislation. The proposed bill goes against the philosophy and essence of Bill C-60, which has now been passed by the House and by the Senate and is now the law. The key issue is who will determine whether an agreement is obtainable on reasonable terms. Bill C-60 already provides such an arbitration mechanism.

The thrust of the provisions in our current law are to compensate the creators of these works and to provide access to users at a reasonable cost. If the parties cannot agree on what is reasonable, then access to the Copyright Board is available. The Copyright Board is an impartial tribunal with expertise in copyright matters. The parties may ask it to determine what is a reasonable royalty, and that royalty rate will be binding on the parties before it. There is no sound reason to give educators free access to such a wide range of copyright materials as the bill before us proposes if an agreement cannot be reached.

As many of you know, Bill C-60 was the first of a two-phase approach to amend the 1924 Copyright Act. The government is in the process of drafting the second phase of the copyright amendments. Included in the second phase will be various exceptions for user groups such as educators. These exceptions will allow educators free use of some copyright material. No prior permission or payment will be required. Because exceptions provide free use to users, the originators of these works are not compensated for such use. Thus, each exception must be carefully examined and balanced. They are not granted simply for reasons of inconvenience and expense but rather where there is a strong public-policy reason to grant them.

Because copyright laws give rights to producers of these works and exceptions in the law limit those rights, the government formed a consultative committee to help it shape any such exceptions. This committee met for nearly two years and included representatives from both the producing and educational communities. Beginning at polar positons on the issue of educational exceptions, after lengthy debate the members of the committee came to some compromise positions which take into account the positions of both sides of the issue. This committee's work will form the basis for the forthcoming exceptions to be contained in phase two of the copyright revision process. The negotiations and concessions that took place within the consultative committee are well known to both groups and may be reflected or anticipated within any agreement made with a collective.

It seems to me, honourable senators, that the issue addressed in the bill before us today is one already resolved by the Bill C-60 amendment to the Copyright Act. In addition,

phase two of copyright revision is well under way. These revisions will further address the needs of both the creators and the users of copyright materials.

In view of these facts, honourable senators, I cannot support the bill. However, in the event that it should pass this house for second reading, I would recommend that it be referred to a committee, there to be scrutinized very carefully, and that witnesses be called in order that we might receive their advice with a view to having perhaps second thoughts on the bill.

On motion of Senator Frith, debate adjourned.

• (1600)

STANDING RULES AND ORDERS

CONSIDERATION OF FIRST REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the first report of the Standing Committee on Standing Rules and Orders (amendments to rules 5(*b*) and 67(2)), presented on Tuesday, December 12, 1989.

Hon. Gildas L. Molgat moved the adoption of the report.

He said: Honourable senators will recall that this particular amendment to the rules was originally proposed in the Senate chamber by the Honourable Senator Frith and that that proposal was then referred to the Rules and Orders Committee. The Rules and Orders Committee has looked into the proposal carefully and recommends it to the Senate. The idea of legislative committees originated, I believe, in the other place and was instituted as one of the recent reforms there. Subsequently, that house established a number of legislative committees. Normally, specific bills are referred to the legislative committee for review, and that is the way, at least in part, that the other place has been dealing with its legislation. The proposal by Senator Frith is to institute the same procedures here.

The first change to the rules would involve amending rule 5(*b*), which presently defines the various committees, by including the words "or legislative." The next amendment involves rule 67(2). That rule has been amended so that matters coming before the Senate can be referred to any committee the Senate so decides. The final change adds subclause (3) to rule 67, which says that the legislative committee shall be composed of not more than 12 members. These changes to the rules have the effect of permitting the establishment of legislative committees.

Hon. Finlay MacDonald: Honourable senators, if ever there was anything that came before this chamber that needed an extended explanation it is this report, which I believe was initiated by Senator Frith on June 13 and spoken to briefly on June 21. Since that time there has been an incredible silence. The only comments that have been made on what I would refer to briefly as the establishment of legislative committees were made by Senator Doody on June 21, when he said in part:

> . . . we have enough trouble manning the committees we have now. We have a lot of standing committees, we have a succession of special committees and, of course, we have our joint committees. I have some reservations about this. Senator Frith has explained the mechanics of this situation, but he has yet to explain the necessity of it.

I have a number of questions for Senator Molgat, but I assume that he will defer them to Senator Frith.

Senator Frith said, on June 21, that the purpose of this initiative was to increase the Senate's flexibility with respect to committee study of legislation. However, he did not explain at that time the necessity of the proposal. May I ask Senator Frith to explain the necessity of this initiative and, in particular, provide us with examples?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we are debating a motion for the adoption of the report. I shall intervene in the debate if Senator MacDonald would like some explanation. I suggest that he put his questions and I will take notes and either adjourn the debate to consider my answers or give them on the spot, whichever seems appropriate to me.

On motion of Senator MacDonald, debate adjourned.

CONSIDERATION OF SECOND REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the second report of the Standing Committee on Standing Rules and Orders (Standing Committee on Aboriginal Peoples), presented on Tuesday, December 12, 1989.

Hon. Gildas L. Molgat moved the adoption of the report.

He said: Honourable senators, the second report of the committee is to provide for the establishment of the Standing Committee on Aboriginal Peoples. This matter came before the committee some 18 months ago and the committee subsequently discussed it on a number of occasions. When the proposal came up for final discussion, it was proposed by Honourable Senator Phillips that it be deferred to the next sitting of the Senate. As I recall, that was late in the session and there were problems with staffing committees. In any event, the committee agreed at that time to defer the matter. The subject appeared again on the agenda of the Rules and Orders Committee when the committee was reestablished for the Second Session of this Parliament. The committee continued its discussions on the matter and now recommends that the standing committee be established.

The title of the committee comes from the Constitution of Canada, which refers to the "Aboriginal Peoples of Canada." The committee considered that this title was appropriate. There was some discussion on whether the committee should be called "Indian and Inuit Affairs" or "Aboriginal Affairs." As honourable senators know, one of the standing committees is responsible for Indian and Inuit affairs. It was finally decided that "Aboriginal Peoples of Canada" was the proper descriptive term.

It is my personal view that it is high time to proceed with this committee. The Senate has a particular responsibility for minority groups. In fact, this direction would have been very appropriate when the Senate was established in 1867. It was not done, and I think we should proceed to correct the situation. There are some major concerns across the country involving aboriginal peoples. Coming from the province of Manitoba, perhaps I am more aware of some of these problems than people who live in, say, the big cities of Montreal and Toronto. Certainly we in the prairie provinces see many areas where action must be taken by governments. This committee would provide a sounding board for these problems, and I hope it will come up with some useful decisions that we might not otherwise have.

The other place has had a committee dealing with aboriginal affairs for some time. It seems to me that we have failed by not acting sooner on this matter. I commend the rule change to honourable senators and I hope that we can proceed quickly with the debate. I understand the problems the whips face with regard to manning committees. This is an eternal problem that will remain with us. When the Senate is complete, we have only 104 senators, and you can only do so much. On the other hand, it seems to me that this is one area in which the Senate should be involved, and we should make it clear to all Canadians, particularly the aboriginal peoples, that the Senate has a direct concern and interest in this field.

● (1610)

Hon. Len Marchand: Honourable senators, I am pleased to rise today to say a few words in favour of the Senate's establishing the Standing Committee on Aboriginal Peoples. I am sure that some of you will recall that not long after my appointment to this place I advocated the establishment of such a committee. My colleague, Senator Watt, has also talked about the establishment of a special committee to deal with aboriginal issues. Therefore, proposals to establish such a committee do have a long history.

I was pleased to hear the remarks made by Senator Molgat in support of the proposition that this committee be established. Senator Molgat, a good friend of our people, knows the problems we face.

Senators may recall that during the sittings of the Special Joint Committee of the Senate and House of Commons on Senate Reform virtually every aboriginal organization that made a presentation to the committee called for increased aboriginal representation in the Senate. By that they meant they wanted more action. They sought representation because they viewed the Senate as an essential institution to advance aboriginal interests.

You may also recall the presentation of the National Chief of the Assembly of First Nations suggesting that, since Confederation, the Senate has not concerned itself with seeing that justice is done to aboriginal peoples and that it has not been a friend of the aboriginal peoples. He also said that while individual senators had advocated Indian interests, the Senate, as an institution, had been less than a friend. You may also recall the presentation of the president of the Native Council of Canada, who urged the committee to restructure the powers of the Senate in a manner that would support, promote and defend aboriginal interests.

While large-scale Senate reform has not yet materialized, we can, through the adoption of this motion and through the implementation of an active committee, take a small step towards fulfilling our obligations and duties to Canada's aboriginal peoples. Through the adoption of this motion, I believe we can finally respond to the question posed by the National Chief, who inquired:

> . . . whether any school child in the future would find in any history book any indication that the Senate took any action to prevent the scandal and disgrace which is visible to anyone who examines the situation of aboriginal peoples today?

Honourable senators, let it be known from now on that the Senate is prepared to shoulder its responsibilities and to draw upon all its strengths by providing a mechanism to advance the interests of justice for our aboriginal peoples. Whether the Senate will be considered a true friend of the aboriginal peoples in the future is not for us to judge. Honourable senators, like everyone else, we must earn this respect and friendship.

However, in shouldering this responsibility we must be mindful of the enormous difficulties that face aboriginal peoples today. Jack Anawak, the Inuit member from Nunatsiaq, recently reminded the House of Commons of the difficulties and circumstances faced by native youth. Almost two-thirds of the Indian population is under the age of 25, as compared to less than one-quarter of the Canadian population as a whole. Indian infant mortality rates are more than twice the Canadian rate. Inuit infant mortality rates are more than three times the Canadian rate. There remains a ten-year discrepancy in the life expectancy between aboriginal people and non-aboriginal people in Canada. Violent deaths are still a significant cause of mortality among aboriginal people. In 1983—more recent statistics are not available—31 per cent of all Indian deaths and 34 per cent of all Inuit deaths were violent deaths. Of these violent deaths, suicide is the most important cause of death in young adults. The aboriginal youth of Canada are killing themselves at a shocking rate. The statistics are horrifying and demand the attention of all of us. The Inuit of the Northwest Territories are committing suicide at a rate four times the national average. More than half of the 172 suicide victims in the Northwest Territories since 1978 have been in the 15-to-24 years-of-age group and the vast majority are males.

The recent report of the Canadian Human Rights Commission called the situation faced by Canada's native peoples "a national tragedy." Honourable senators, it is a tragedy and we must respond with vigour and with compassion.

The recent report of the Canadian Human Rights Commission outlined the fact that an Indian youngster in Canada has a better chance of being sent to prison than of completing university. This is not equality: it is far from it. As the

commissioner points out, the grand promise of equality of opportunity that forms the central purpose of the Canadian Human Rights Act stands in stark contrast to the conditions in which many native people live.

Honourable senators, I do not suggest that the adoption of this motion and the implementation of a Senate committee will solve all of these social and economic ills, but I do believe that we can act as a catalyst for change. I believe that our institution, removed from the day-to-day fray of the House of Commons, can provide much needed policy advice to Parliament on many issues. I believe this to be particularly important when one considers the conflict/management style used by many departments responsible for providing assistance to aboriginal peoples.

I hope that this committee can be established over the next few weeks and that we can start some of the work we have to do.

Honourable senators, not long ago our colleague from Saskatchewan, Senator Buckwold, made a presentation in this house based upon a report in the Saskatoon *Star Phoenix*. That report contains some appalling statistics and some appalling revelations. For instance, one of the questions asked of Saskatoonians was whether they believed that natives were discriminated against, and 87.6 per cent of the people who responded believed that native peoples were discriminated against.

Honourable senators, when the Standing Committee on Aboriginal Peoples is established—and I plan to be a member—I believe that the first thing we should do is set an agenda.

Senator Molgat, in his remarks, talked about the choice of a name for the committee. When Senator Adams and I attended the meeting to discuss the establishment of the committee, we were quite forceful in expressing the opinion that we felt we should get away from the use of the word "affairs." There is a stigma and some bad memories attached to the phrase "Indian Affairs." There is a lot of heartache among our people as a result of the relationship they have had with that department. So we wanted to get away from it. We wanted to try a new name. We said that the committee should not be called Aboriginal Affairs or Indian Affairs or Inuit Affairs, so we came up with the name Aboriginal Peoples. I hope it will be accepted. I talked to some of our people recently about a possible name and many of them agreed that it is a good departure and a good new name.

• (1620)

In establishing an agenda for the work of the committee it is absolutely mandatory that the first step is to consult with the many aboriginal organizations. A number of them wrote to the Leader of the Opposition in the Senate and to the Leader of the Government in the Senate suggesting that this committee be established. I think it is most important that we contact all of these organizations to let them know that the committee is going to be established and that we ask them for advice on an agenda. They are sensible people. Many of them, over the last few years, have been in Ottawa and they know their way around here; they know the institutions; they know how we operate; and they know that we cannot do everything. However, I believe that it is most important that we ask them what kind of agenda we should establish for this committee.

I could go on with a whole list of things, but I will not. My Inuit senator colleagues are going to speak a little later in the debate and they will have more to say.

Honourable senators, in closing, I just want to reiterate what I said at one earlier time. We have in this institution some of the best minds in the country, with experience in several critical social and economic fields. I believe that the committee can harness their experience and expertise to serve these people who need assistance. I urge all honourable senators to join with me in opening the doors to Canada's aboriginal peoples. Thank you, honourable senators.

Hon. Senators: Hear, hear!

Hon. Joyce Fairbairn: Honourable senators, this is truly a fine day for this chamber. I should personally like to thank all of the senators on both sides of the Senate who have worked on this proposal constructively, supportively and with great sensitivity over the last several years.

It is not usual in the Senate to set up a new standing committee. We have special committees and task forces. In setting up those kinds of structures we always think in terms of a time limit, of something that will be achieved and reported on and recommended on very quickly. In this case, setting up a Standing Committee on Aboriginal Peoples implies a permanence, a continuing importance of this issue.

In my view, no subject is more fundamental in Canada than the well-being of our aboriginal people and the opportunity for them to share fairly in and contribute fully to our society. Those opportunities have never applied to our aboriginal people, and they do not apply today. They do not apply in terms of economic benefits or in terms of employment. They do not apply in terms of health and welfare. They most certainly do not apply in terms of education. They do not apply in terms of aboriginal women's rights or in terms of housing and culture. They do not apply in terms of social and criminal justice, nor in terms of the renewal of a constitutional process, which the government permitted to lapse over two years ago.

Overhanging all of this is what I believe to be an insidious shadow of deep and harsh discrimination affecting our aboriginal people wherever they live in Canada, whether it be on their reserves or in our white communities, particularly at the core of some of our major western cities. Yet, in spite of all of these pressures, we have, today, the strongest, most articulate and best-educated aboriginal leadership ever in this country. Slowly, but steadily, the aboriginal people themselves are acquiring the tools and skills to be used, along with their own intrinsic sensitivity, to direct, control and administer their own form of self-government in their own first nations.

They have no illusion about the enormity of their task; it is almost overwhelming, given their poverty and the paternalism that has directed their history since they signed their treaties,

in good faith, avoiding the wars and the violence which had occurred with such tragic cost in the United States of America. They do not need to be told what to do or how to do it. They do need cooperation, support, patience and understanding from non-aboriginal Canadians. Above all, there must be a basic change of attitude in Canada, to remove what can only be called racism in relations between aboriginal and non-aboriginal peoples.

The barriers are high and the feelings are strong on both sides. I do not believe that we have a great deal of time to reduce and eradicate those barriers. Exposure of some of these realities and of the depth of concern has truly shocked Canadians, as we have glimpsed them through a series of public inquiries in Canada, such as the Donald Marshall Inquiry in Nova Scotia, the Manitoba Inquiry into Aboriginal Justice, and the Rolfe Inquiry in southern Alberta, probing relations between the police in my area and the Blood Indian Nation. There has been further exposure through treaty and land claims negotiations across this country and in the North.

Senator Marchand mentioned the Human Rights Commission and the words of Mr. Max Yalden, chairman of that commission, who commented on what he saw as a human tragedy and reminded us rather starkly that our young aboriginal citizens are more likely to go to jail in Canada than to university because of the inequities entrenched in our system.

● (1630)

These are tough messages, and yet they are beginning to find some balance as young aboriginal people and mature students excel and graduate from our schools, colleges and universities in law, education, social work, agriculture and business. It gives me a great deal of pride to know that at the University of Lethbridge, at which I have the honour of serving as an elected senator, there is one of the finest schools of native studies in North America. Also, the gold medalist in the school of management at the University of Lethbridge last year was not only an aboriginal person but she was an outstanding aboriginal representative. Her name is Sheri Chisan, and some of you may remember meeting her when the aboriginal students were in Ottawa to push for post-secondary education changes.

So a balance is beginning to be struck, and, as the current leadership advances and the future leadership forms and matures, as the windows open to greater participation at every level of national activity, there must be strong and productive meeting places for aboriginal and non-aboriginal people to exchange experiences and seek new directions. The Parliament of Canada should be the primary meeting place, since this is, as Senator Molgat noted, a federal responsibility under our Constitution.

Never before have the House of Commons and the Senate boasted such a richness of aboriginal representation—Willie Littlechild from the riding of Wetaskiwin, Ethel Blondin from the western Arctic, Jack Anawak from Nunatsiaq in the eastern Arctic, and here, of course, my colleagues Senator Charlie Watt from northern Quebec, Willie Adams from the Northwest Territories, and Senator Marchand from British Columbia.

[Senator Fairbairn.]

Now is the time to take the progressive and important step of creating this Standing Committee on Aboriginal Peoples. It is an initiative which was strongly advanced by Senator Watt back in 1983, only two months after he was appointed to this chamber. It has taken time, which is not unusual in the case of serious and complex subjects. Perhaps it has taken too long a time. I know I have been strongly supportive of the proposed committee since meeting with my colleagues, Senators Watt, Adams and Marchand, shortly after entering this chamber in 1984.

Almost three years ago it was highlighted as a key recommendation of the Special Senate Committee on Youth, and I would like to read the conclusion we reached at that time:

> Our Committee recommends that a Standing Senate Committee on Native Issues be established with ex-officio members from the First Nations. As a first item of business, this Committee should clarify the situation of young Native people and define the opportunities which now exist and can be created for young Canadians in both the First Nations and non-Native communities to further a peaceful process of change.

Two years ago some of us met in Ottawa with a large number of aboriginal chiefs, elders and other leaders of those communities and we asked them if a permanent Senate committee would be viewed as an important and useful forum for the discussion of their concerns and the recommendation of some solutions. They gave us a very positive response then, and many of them communicated in writing to the leadership on both sides of the Senate.

Honourable senators, the time has arrived for this committee. Our agenda will be a heavy one. I hope to be a member of the committee. I think the very establishment of such a committee will create high expectations for effective cooperation, communication and conclusions. In my view, the committee must utilize the talent and the experience of the aboriginal community in Canada to guide its work, and I am confident that this Senate committee can make a meaningful contribution to one of the most important pieces of unfinished business in Canada since Confederation. Not only must we redress long-standing, legitimate grievances, honourable senators, but we must also create common ground on which we can work together with respect and friendship. Until that happens, all of us are diminished.

Hon. Senators: Hear, hear!

Hon. Mira Spivak: Honourable senators, I am pleased to support the initiative of my colleague from Manitoba, Senator Molgat, in the establishment of this long awaited and very important committee. I must say that I think it is entirely appropriate for the Senate to look at the establishment of such a committee, because, although we operate in restraint of the powers of the Senate, I think there is a great deal of potential and perhaps unused influence. Certainly the Senate, as an advocacy body, can have a great impact. I think it is entirely

appropriate that it be used in the advocacy of what is a perceived and actual abrogation of the rights of a minority group.

This was brought home to me recently when the Assembly of First Nations appeared before the Standing Committee on Forestry and Agriculture to present their views with respect to that bill. There was one sentence in their brief that struck me, which was that whenever the bill referred to the term "forest resources," what it meant was their home.

Senator Molgat talked about the need for government action to help the aboriginal peoples and to address the many problems and difficulties which have been outlined here today, but I think the more important concern is to protect the aboriginal peoples from government action. I am thinking of things like the destruction of the forests, which means that their traditional hunting and fishing rights are lost, with perhaps a small strip of forest being left around a trapping village.

It was also pointed out by the Assembly of First Nations that the aboriginal peoples, as the First Nations here, were practising sustainable development long before the term was coined, when the rivers were full of fish, the game was abundant and the forests were plentiful, and perhaps now is the time to learn from them.

• (1640)

Honourable senators, I merely wanted to add my support to this cause. I know it is difficult to set up any standing committee. I know that senators belong to a number of committees and not everyone is always at those committees. However, I think the matter is of considerable importance and I hope that the establishment of this committee will indeed make a difference. Perhaps some new directions can be established, and I say that in recognition both of the numerous committees I have sat on in my hometown of Winnipeg and of my work on the main street strip, where really none of these committees changed things very much. So I hope that we can, in this very broad federal forum, indeed, make a difference, and I applaud those who initiated this action.

On motion of Senator Watt, debate adjourned.

PROPRIETY OF CONDUCT OF THE HONOURABLE SENATOR COGGER

FIRST REPORT OF SPECIAL COMMITTEE—ORDER STANDS

On Order No. 7:

Consideration of the First Report of the Special Committee of the Senate on the Conduct of Honourable Senator Cogger (budget) presented in the Senate on 8th December, 1989.—(*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: Honourable senators, this order should not be standing in my name but in the name of Senator Ottenheimer. I presented the report on his behalf last Friday when he was occupying the Chair. I did it as a service, and therefore it should more properly be under his name. I do not intend to speak to the report.

Hon. Royce Frith (Deputy Leader of the Opposition): Can it not be adopted?

Senator Corbin: I had a previous discussion with Senator Ottenheimer and it was agreed that it should come back under his name. I am not authorized to move it for him.

Hon. Gildas L. Molgat: If it is a problem, let us defer it to later this day and ask someone to seek out Senator Ottenheimer.

Order stands in name of Senator Ottenheimer.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-NINTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-ninth report of the Standing Committee on Internal Economy, Budgets and Administration (supplementary budget of Terrorism and Public Safety), presented on Friday, December 8, 1989.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of Senator LeBlanc, I move the adoption of this report.

Motion agreed to and report adopted.

THIRTIETH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the thirtieth report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Standing Rules and Orders), presented on Friday, December 8, 1989.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, on behalf of Senator LeBlanc, I move the adoption of this report.

Motion agreed to and report adopted.

PROPRIETY OF CONDUCT OF THE HONOURABLE SENATOR COGGER

FIRST REPORT OF SPECIAL COMMITTEE ADOPTED

Leave having been given to revert to Order No. 7:

Consideration of the First Report of the Special Committee of the Senate on the Conduct of the Honourable Senator Cogger (budget) presented in the Senate on 8th December, 1989.—(*Honourable Senator Ottenheimer*).

Hon. Joan Neiman: Honourable senators, this is the consideration of the first report of the Special Committee of the Senate on the Conduct of the Honourable Senator Cogger, and it is the budget report. As deputy chairman of the committee, I think it would be perfectly in order to ask for approval of the report on behalf of the chairman, and I so move.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

PEOPLE'S REPUBLIC OF CHINA

CANADA'S POLICY—INQUIRY WITHDRAWN

On Inquiry No. 8:

By the Honourable Senator Grafstein:

29th November, 1989—That he will call the attention of the Senate to Canada's policy with the People's Republic of China.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Grafstein has asked me to ask leave on his behalf to withdraw this inquiry. The subject of the inquiry is still of interest to him, but there has been a development of events that requires him to do further research, and he would like to have the opportunity to introduce it again. In the meantime, I would ask leave to withdraw it.

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

Hon. Senators: Agreed.

Inquiry withdrawn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 14, 1989

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

Prayers.

[*Translation*]

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-23, an Act to amend the National Energy Board Act and to repeal certain enactments in consequence thereof.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*English*]

GOODS AND SERVICES TAX

On Presentation of Petitions:

Hon. Joyce Fairbairn: Honourable senators, I want to draw the attention of this chamber to the fact that yesterday in the other place petitions from Lethbridge and southern Alberta, bearing almost 11,000 names, were tabled by the Honourable Herb Gray, expressing strong opposition to the goods and services tax. They came from the communities of Spring Coulee, Magrath, Welling, Claresholm, Raymond, Stirling, Cardston, Calgary, Waterton Park, Banff, Mountain View, Coaldale, Milk River, Champion, Pincher Creek, Fort Macleod, Warner, Lomond, Foremost, Medicine Hat, Hill Spring, Coalhurst, Picture Butte, Nobleford, Turin, Standoff, Diamond City, Taber and Blairmore.

Some Hon. Senators: Hear, hear!

Senator Guay: Is that to support the elected senator?

AGRICULTURE AND FORESTRY

SECOND REPORT OF COMMITTEE PRESENTED

Hon. Efstathios William Barootes, chairman of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Thursday, December 14, 1989

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Thursday, November 9, 1989, to undertake an urgent study, up-dating its special study on Farm Finance of 1987-88, to consider the degree to which existing government policy and programs are responding to the continuing difficulties of Canadian farmers, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees* the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

E.W. BAROOTES
Chairman

(*For text of appendices to report, see Appendix "A", p. 874*)

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

On motion of Senator Barootes, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

DEPARTMENT OF FORESTRY BILL

REPORT OF COMMITTEE

Hon. Efstathios William Barootes, Chairman of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Thursday, December 14, 1989

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

THIRD REPORT

Your Committee, to which was referred Bill C-29, An Act to establish the Department of Forestry, to amend the Forestry Development and Research Act and to make related amendments to other Acts, has, in obedience to the Order of Reference of Thursday, November 9, 1989, examined the said Bill and now reports the same without amendment, but with the following comments:

A majority of the Committee members, although reporting Bill C-29 without amendment, must express its

disappointment with several aspects of this bill. The bill's objectives are not completely clear.

The Committee raised the question of what integrated management and sustainable development mean in terms of implementation by the proposed Department of Forestry. Further, it seems to some members of the Committee that this Department will lack both the power and the funding to implement either integrated management or sustainable development, let alone both. Forests are a matter under provincial jurisdiction. The federal government's leverage appears to be limited to spending power, particularly with respect to the Forestry Development and Research Agreements. It was indicated to the Committee that the ability of the proposed Department to afford renewal of these Agreements is in question.

Many members of the Committee were distressed to note that, in clause 7(*a*), there is no explicit requirement that the Minister cooperate with Canada's Aboriginal Peoples in relation to the forest resources of Canada. Canada's forest resources are of critical importance to Aboriginal Peoples and a majority of the members of the Committee would urge that the Minister be required to consult with the Aboriginal Peoples, rather than merely cooperate with them.

Respectfully submitted,

E.W. BAROOTES
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mira Spivak: With leave, now.

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

Hon. H.A. Olson: Honourable senators, I wonder whether Senator Spivak meant to say "later this day."

Senator Spivak: Later this day is fine. Honourable senators, may I speak to that?

An Hon. Senator: No.

Senator Spivak: No?

The Hon. the Speaker: With leave of the Senate and notwithstanding rule 45(1)(*b*), it is moved by the Honourable Senator Spivak, seconded by the Honourable Senator Cochrane, that this bill be read the third time—later this day or now?

Some Hon. Senators: Now.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I think someone on the other side suggested that the bill be read later this day and no one had any objection to that. Senator Spivak then asked whether she could speak to that—and it is her motion. Someone said "No", and I do not think that is quite proper. If she wants to speak, she is certainly entitled to speak.

[Senator Barootes,]

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): Yes, why should she not speak?

Senator Spivak: Does that mean that I can speak now?

Senator Frith: Not on the bill but in explanation of why you want it dealt with later this day.

Senator Spivak: Honourable senators, I should just like to explain the reason for my request that the bill be read later this day. All of the members of the committee have worked very hard in hearing witnesses on Bill C-29. Since I will not be in the chamber tomorrow, I ask leave of the Senate to speak later this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Eymard Corbin: Honourable senators, on a point of order, what are we agreeing to? I do not understand the process.

The Hon. the Speaker: We are agreeing to having third reading of this bill later this day.

On motion of Senator Spivak, with leave of the Senate and notwithstanding rule 45(1)(*b*), bill placed on the Orders of the Day for third reading later this day.

ADVANCE PAYMENTS FOR CROPS ACT PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Efstathios William Barootes: Honourable senators, I have the honour to present the fourth report of the Standing Senate Committee on Agriculture and Forestry, which report deals with the examination of Bill C-36, to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act.

A Clerk at the Table:

Thursday, December 14, 1989

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

FOURTH REPORT

Your Committee, to which was referred Bill C-36, An Act to amend the Advance Payments for Crops Act—

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, according to the information I have, the plan for this bill is to have third reading debate adjourned until the next sitting of the Senate, in which case I suppose that we can dispense with the reading of the report. By the next sitting we will all have had a chance to read it.

• (1410)

Hon. H.A. Olson: I am not sure whether that is the understanding or not. My understanding is that we are going to give permission for the third reading to be moved later this day, but in the course of that debate someone would adjourn the debate

until tomorrow after senators had made their comments on it today.

Senator Frith: It is that old villain, the Friday sitting, that is slithering around under all of this.

Senator Barootes: My understanding, honourable senators, was that there would be third reading today on this bill in order to allow certain members, who will be absent tomorrow, to make their cogent remarks with respect to this bill. The second reason was the necessity for this bill to be passed before Christmas in order to provide badly needed funds for the farm community.

(*For text of report, see Appendix B, p. 876*).

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Bielish, with leave of the Senate and notwithstanding rule 45(1)(*b*), bill placed on the Orders of the Day for third reading later this day.

THE LATE DR. ROBERT H. HUBBARD

TRIBUTES

Hon. Heath Macquarrie: Honourable senators, I crave your indulgence to report something that emanates from a committee, which is neither a special committee nor a standing committee. I have had the honour to serve on the committee, struck by the former Minister of Public Works, in reference to erecting a statue to former Prime Minister Lester B. Pearson, with whom I had the honour of serving in the House of Commons for over a decade. I can report that things are going very well and it looks hopeful that the statue may be in place by early summer.

In respect to those meetings that were held recently, I have the sorrowful responsibility to report that one of the most influential and valuable members of the committee dealing with this important matter, Dr. Robert H. Hubbard, passed away not long ago. He was an adviser to Governors General since the time of the great and gallant General Vanier, and to all of his successors. He was an art historian without parallel in this country, a humanist, a devoted Canadian, known by all our Lieutenant Governors. Dr. Hubbard was a man who cared deeply for the history of this country and made some splendid contributions through some of the finest literary histories I have read.

Indeed, Dr. Hubbard seemed to me to personify, to edify and to reinforce that old expression we used to use, "a gentleman and a scholar." He was truly one of the best in both categories.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I knew Dr. Hubbard but I had not seen him for some time. I had not heard that he had passed away. I thank Senator Macquarrie for drawing that fact to our attention and I associate myself with the comments he has made.

INTER-PARLIAMENTARY SYMPOSIUM ON THE PARTICIPATION OF WOMEN IN THE POLITICAL AND PARLIAMENTARY DECISION-MAKING PROCESS

MEETING HELD IN GENEVA, SWITZERLAND—NOTICE OF INQUIRY

Hon. Brenda M. Robertson: I give notice that on Tuesday next, December 19, 1989, I will call the attention of the Senate to the Inter-Parliamentary Symposium on the Participation of Women in the Political and Parliamentary Decision-Making Process, held in Geneva from November 20 to 24, 1989.

NORDIC COUNCIL'S INTERNATIONAL CONFERENCE ON POLLUTION OF THE SEAS

MEETING HELD IN COPENHAGEN, DENMARK—NOTICE OF INQUIRY

Hon. Brenda M. Robertson: I give notice that on Tuesday next, December 19, 1989, I will call the attention of the Senate to the Nordic Council's International Conference on Pollution of the Seas, held at Copenhagen, Denmark, from October 16 to 18, 1989.

[*Translation*]

SPECIAL COMMITTEE ON BILL C-21

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Jacques Hébert: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Special Senate Committee on Bill C-21, an Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, be authorized to meet at 3.30 p.m. today, even if the Senate is then sitting, and that rule 76(4) not apply in this case.

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

Hon. Martial Asselin: Could Senator Hébert give us some explanation?

Senator Hébert: Honourable senators, with pleasure. The committee, which includes members of the government party, has agreed to speed up its work as much as possible. We want to benefit from all the time we will have until the end of this part of the session and to start again as soon as we can, as early as January 3, in order to hear as many witnesses as possible before we conclude our proceedings, hopefully by the end of the month.

[*English*]

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, concerning this motion, which I support, I wish to draw to the attention of honourable senators that we have had no transcript of the proceedings, up to the present time, of the Special Committee of the Senate on Bill C-21 dealing with amendments to the Unemployment Insurance Act.

The first witnesses were heard on Thursday, November 30, 1989. To my knowledge, we have not received any transcripts or reports. I have been unable to attend any of these committee meetings, but I am interested in knowing what testimony we are receiving. Something has to be done to provide senators with the transcripts so that we can be informed as to what is happening in that committee.

● (1420)

I am not sure who is responsible for this, but I am raising this matter to see whether something can be done to have available to all senators the testimony that is being heard by the members of the special committee.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I don't know whether my comments are in the same vein as those just made by the Leader of the Opposition, but yesterday afternoon, I attended one of the committee's sittings, to find out exactly what was going on.

I think the Senate should hear about what has been happening recently. Senator Hébert is asking the Senate for leave to have his committee sit, notwithstanding the fact that the Senate is sitting, because he absolutely wants to speed up the process.

In any event, yesterday afternoon, the committee or the chairman of the committee decided that in any case, the committee would not report on the subject matter of Bill C-21 before the end of January. I think this does not jibe with excessive zeal and desire to proceed quickly reflected in the proposal made by Senator Hébert just now.

Besides, in addition to the committee's decision, Senator Hébert, as is his wont, made statements to the media. The media reported the decision that the Senate could not count on receiving the committee's report or passing the bill before the end of January, and in any case certainly not before January 6, which is a very significant date.

Another element came out of yesterday's sitting which may be of interest to the Leader of the Opposition. He did not get a copy of the proceedings but I have a copy here. We heard witnesses complain that the bill did not grant certain benefits to certain groups. At one point, I interrupted to say that I simply wanted to point out, referring to the witnesses we had just heard, that supposing that we did agree with what they said, and I am not going to commit myself on this, the Senate would not be able to make an amendment that would add to the benefits provided under the bill because that was beyond its authority. The committee can listen to all these complaints and duly note them, but it cannot do much about them.

At this point the chairman intervened. He said that the committee could always make recommendations, and that the government would be glad to receive those recommendations. The committee's position is that it realizes it cannot amend the bill to increase benefits. It cannot do so. However, that is the only valid reason for the committee to consider the bill. To do so simply to make recommendations to the government would not be a valid reason and would risk jeopardizing benefits under the present legislation for people who expect to receive them as of January 6. I think this position is absurd and a complete contradiction of common sense.

I think it is just a gimmick to ask the Senate for leave to have the committee sit notwithstanding the fact that the Senate is sitting, supposedly to speed up the process. This is a farce, and I think the public should start realizing this. The committee is engaging in an exercise in futility. It could very well continue consideration of the bill after it is passed and make its recommendations later on. That would give the government a chance to make some amendments.

In the meantime I would suggest that the best course of action is to make sure that the bill is passed immediately and then see what can be done in terms of constructive recommendations. That is all you can do.

Hon. Joseph-Philippe Guay: That would be great for your government; it is always late.

Senator Hébert: When the Senate is studying bills sponsored by his government, I know it usually upsets Senator Flynn.

Senator Flynn: When one is imposed as chairman . . .

Senator Hébert: Honourable senators, I also want to remind Senator Flynn, who attended our meeting yesterday, that he did not have to wonder—as he seems to be doing like a pro, as usual—about the fact that we might need until the end of January if we want to hear only a few of the many important groups of witnesses who are anxious to give evidence. Surely he knows that at least 106 important witnesses did ask to appear before the House of Commons committee and were turned down.

These include provincial governments, four of which have already appeared before us. As you can appreciate, we are not wasting time and I fail to see how he can claim that we could complete our work quickly between now and next week, unless, as the House of Commons committee did, we say no to such important groups as provincial administrations, the Canadian Conference of Catholic Bishops, major labour associations, and others.

I do not think I can easily bring Senator Flynn to see it my way, so I will say no more.

Hon. L. Norbert Thériault: Honourable senators, as a member of the committee, on the motion of Senator Hébert I want to warn all senators that the committee did not accept the fact that Senator Flynn stated that we could not amend the bill. We will decide what to do with the bill once our study is complete. Senator Flynn was not speaking on behalf of the committee.

Senator Flynn: Honourable senators, Senator Thériault has just expressed an opinion, but he did not respond to my objection that you cannot amend the bill to increase the benefits specified in the bill. I am not overly concerned about the fact that Senator Thériault does not share my views, because he is talking through his hat.

Hon. Royce Frith (Deputy Leader of the Opposition): Do we agree that leave is not granted?

[*English*]

Then let us move to the next order of business.

The Hon. the Speaker: Perhaps I should put the question first.

Senator Frith: Was what Senator Flynn said just a whole lot of hot air?

Senator Flynn: Senator Frith should not decide for the Chair.

Senator Frith: I am not deciding for the Chair; I assumed you were refusing leave with all that hot air!

The Hon. the Speaker: Honourable senators, there is a motion on the floor. Is it your pleasure to adopt the motion?

Senator Flynn: Leave had been granted.

Senator Frith: I understood that leave had not been granted.

Senator Flynn: Leave had been granted; I was speaking to the motion.

Senator Frith: Does Senator Flynn withdraw his objection?

Senator Roblin: You really must stick to the facts!

The Hon. the Speaker: Order, please!

Do honourable senators wish me to repeat the motion?

Some Hon. Senators: Agreed.

The Hon. the Speaker: It is moved by the Honourable Senator Hébert, seconded by the Honourable Senator Thériault:

> With leave of the Senate and notwithstanding rule 45(1)(*a*),
>
> That the Special Committee of the Senate on Bill C-21, an Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act have power to sit at three thirty o'clock in the afternoon today even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION OF PRIVILEGE

Hon. Orville H. Phillips: Honourable senators, I rise on a question of privilege. Yesterday I suggested to Senator Hébert that the special committee meet on Mondays and Fridays. This is recorded on page 825 of *Debates of the Senate*. Senator Frith said, "It is and it does." Senator Hébert said, "We do."

This morning my office checked with the clerk of that committee, and I find that in a five-week period the committee has had seven meetings. It has not met on a Monday, it has not met on a Friday, and it has not had an evening meeting.

Honourable senators, this leaves us with two choices: one, we can assume that both Senator Frith and Senator Hébert have no idea of what the committee is doing; two, we can state that both honourable senators misled the house when they replied to my suggestion.

Some Hon. Senators: Oh, oh!

Some Hon. Senators: Shame!

Senator Perrault: That is unparliamentary!

Senator Roblin: "Misled" is not unparliamentary.

[*Translation*]

Senator Hébert: Honourable senators, I would simply tell the senator that we sat when we did to accommodate our witnesses. We almost had to push them to keep moving and to save time, to show that we did not want to spend time unduly; as chairman, every time a witness appeared before us, I had to start by apologizing to them because the committee was rushing them.

I did it again this morning with the minister who came from New Brunswick. Of course she said that she did not have enough time to prepare a statement and that we had rushed her.

We rushed everyone to please those who were urging us not to waste time. That being said, we cannot force witnesses to come Monday morning or Friday evening if they do not wish to, so we are somewhat at their mercy.

• (1430)

[*English*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I had thought that what Senator Phillips was trying to indicate was that he felt it would be a good idea for the committee to sit on Mondays and Friday, a principle he knows I support. He also knows, because I told him, that that was this committee's intention and that we did provide for meetings on Mondays and Fridays. For example, we had witnesses lined up for tomorrow, but the Senate is sitting tomorrow and I believe the chairman has cancelled that meeting.

Senator Phillips: The Senate is also sitting this afternoon.

Senator Frith: Yes. It is also sitting tomorrow.

Senator Phillips: You asked for permission.

Senator Frith: Perhaps we will have to ask for that permission again.

Senator Haidasz: We have to deal with the back-to-work legislation tomorrow.

Senator Frith: I believe the government wants us to deal with the back-to-work legislation tomorrow.

In any event, surely no one was misled by my indicating that the Special Committee on Bill C-21 was willing to sit on Mondays and Fridays, because, in fact, it provided for

Monday and Friday sittings; how could they have been misled? The fact is that from the beginning the committee decided it would provide for hearings on Mondays and Fridays, and it fixed Mondays and Fridays for hearings; however, for the reasons that have just been given, those sittings themselves did not take place. The committee was ready to sit and set dates accordingly, and the committee then unanimously cancelled them for the reasons given.

Senator Barootes: We accept your confession.

Senator Roblin: Would you agree that you misspoke?

Senator Frith: If I had, yes.

Senator Roblin: An apology would have been becoming, but unexpected.

Senator Frith: An apology?

BUSINESS OF THE SENATE

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Friday, 15th December, 1989, at ten o'clock in the forenoon.

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

Hon. Senators: Agreed.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, may I suggest to the deputy leader that we begin our sitting at eleven o'clock tomorrow morning rather than ten o'clock?

Senator Roblin: When will you finish?

Senator Doody: I do not think you will find any great quarrel with that, providing, of course, it fits into the rough time frame that we have discussed. It was felt that the best way to approach the hearings on this bill would be in Committee of the Whole, assuming second reading had been finalized and that witnesses would be asked to appear in this chamber. The minister has agreed to appear and tentative arrangements have been made for the appearance of three other witnesses representing the union side of the picture. They are very anxious that their case be heard and it was agreed that they come here. Along that line, arrangements have been made to try to have Royal Assent between four o'clock and five o'clock in the afternoon. It may have been a bit presumptuous to have anticipated the actions of the Senate; nevertheless, arrangements had to be made tentatively, and those are the arrangements that have been made for tomorrow.

If the time frame has to be changed to accommodate the eleven o'clock hour, I would appreciate knowing about it. However, I do not think sitting at eleven o'clock would pose any major problem on this side, other than what I have just explained.

[Senator Frith.]

Senator MacEachen: Honourable senators, I withdraw my suggestion, because I do not accept the notion that the adoption of this motion carries with it all the additional baggage the deputy leader has added to it.

Senator Doody: It was not my intention to burden the chamber with a lot of detail. On the other hand, I would not want our colleagues to think that we had arbitrarily picked a date or time without having made some arrangements to look after the details that are necessary to the consideration of such a piece of legislation.

Motion agreed to.

BUSINESS OF THE SENATE

The Hon. the Speaker: Are there any other notices of motions?

Hon. C. William Doody (Deputy Leader of the Government): No, honourable senators. If things happen in the other place as we anticipate they will, then a motion will be made tomorrow morning to arrange for the invitation of witnesses and for other details that may be necessary. However, I understand it would be presumptuous to present that motion before we received the bill itself.

QUESTION PERIOD

SHIPBUILDING

BRITISH COLUMBIA—POLAR 8 ICEBREAKER PROJECT—REQUEST FOR UPDATE

Hon. Raymond J. Perrault: Honourable senators, during the last election campaign, one of the main promises of the government to the west coast was a pledge that a Polar 8 icebreaker would be constructed in the shipyards of British Columbia—at a time when the industry is in very serious condition. However, it is now apparent that the Polar 8 icebreaker is just as spectral and elusive as the famous "Flying Dutchman."

Senator Barootes: Who is that?

Senator Perrault: There seems to be no trace of any activity in the shipyard where this great, magnificent triumph of Canadian technology was to have been built. I have been advised by the president of the Shipbuilders Union that at the present time both building berths are being filled in. Is that in preparation for the construction of the Polar 8? They are filling in the shipbuilding ways.

Senator Phillips: Louder!

Senator Doody: Pardon?

Senator Perrault: Crank up your hearing aid, if you cannot hear. Perhaps we can get you a government grant to assist you with your affliction.

Senator Doody: Eh?

Senator Perrault: As for the long term, to quote the president, it looks as though the North Vancouver facility will be phased out completely. In that regard, we have heard that the shipyard company is now negotiating another site. This will be a disaster, says the president, not only for the municipalities on the North Shore but also for the shipyard workers in the Lower Mainland. The Polar 8 icebreaker project was held up before the electorate of British Columbia like some gaudy, attractive bauble at Christmas time.

Some Hon. Senators: Hear, hear!

Senator Perrault: "You vote for us, folks, and you are going to get yourselves that ship contract." Where is it now? They are filling in the ways, and people by the hundreds are going to have a very difficult Christmas in my area as a result of this government's callous disregard of their campaign promises.

I am asking the Leader of the Government in the Senate if he can update us on the Polar 8 shipbuilding contract. Is there any kind of good news we can bring to the working people of my area at Christmas time?

Senator Flynn: Do you really want good news?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my honourable friend and I had an exchange on this matter some time ago. I regret that I have no more recent information to give him today, but I do undertake to obtain an up-to-date report from my colleague on this matter and to bring it into the Senate shortly.

Senator Perrault: And I am sure you wish the workers on the west coast a happy Christmas!

POLAND AND HUNGARY

ECONOMIC ASSISTANCE—REQUEST FOR DETAILS

Hon. H.A. Olson: Honourable senators, I have noted in the press two meetings that were held by Canada along with some other nations to provide some immediate and emergency assistance to Poland and Hungary for some desperately needed items, such as food and other consumer goods. I appreciate that the honourable minister did provide me with a reply that some work was being done, but, in fact, what appears in the press now is of a completely different magnitude from what the minister's reply indicated. He talked about Canada's contribution in amounts of something less than $15 million. I understand that the agreement among a number of countries is that the assistance program would approach or even exceed $1 billion. If the minister does not have the information with him today, that is fine, but I would appreciate it if he could provide us with some more detail of what that very large package of economic aid will consist of.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I shall do so, honourable senators.

CANADA SCHOLARSHIPS PROGRAM

MEETING OF OBJECTIVES

Hon. Lorna Marsden: Honourable senators, in 1988 the federal government launched, with great fanfare, the Canada Scholarships Program. This program had two objectives: the first was to increase the number of students in undergraduate enrolment in science and technology so that Canada could compete internationally in that field; the second was to increase the number of female students represented in natural science and engineering programs in Canada. We now have the report card on the first year of that program and it appears that nearly 70 per cent of female students in science and engineering lost their awards after the first year. The criteria in the program are set extremely high for the range of grades that universities give out.

● (1440)

So my question is: What evidence is there that, under the current arrangement, this program is meeting its objectives?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall obtain a report from my colleague on that matter.

NATIONAL DEFENCE

PROVISION OF ABORTIONS FOR CANADIAN FORCES PERSONNEL—GOVERNMENT POSITION

Hon. Stanley Haidasz: Honourable senators, I would ask the Leader of the Government in the Senate to tell us whether the federal government condones the unethical policy of the Department of National Defence of sending pregnant women of the Canadian Forces in West Germany to England and Holland for abortions, and calling them "curettage for menstrual problems," and paying for these false claims.

This story appeared in today's newspapers, following a report on the French section of Radio Canada, which I believe the Canadian public will find scandalous when they hear of this very unethical policy of the Canadian Defence Department. What is the federal government doing about this? Does it condone it?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not accept the premise of the honourable senator's question. The honourable senator is all too ready either to accept as gospel anything he reads or hears in the media or to put the worst construction on it. Just for the record, let me tell him that, first of all, there is one obstetrician-gynecologist in the whole of the Canadian Forces and abortions are not performed at military hospitals. That is why members of the forces seeking abortions go to civilian hospitals.

The members of the armed forces, like all Canadian citizens, have the right to seek an abortion, and we respect the doctor-patient relationship in that respect. If a member of the forces is seeking an abortion, advice and counselling is given to

her by the attending physician. If she wishes to pursue the matter further, arrangements are made with civilian physicians. From that point on the issue of abortion remains a matter between the civilian physician and the patient.

Senator Haidasz: Does the Leader of the Government in the Senate say that the French section of Radio Canada, *The Gazette* and *The Ottawa Citizen* this morning are lying?

Senator Murray: Honourable senators, what I say is that at no time do the Canadian Forces instruct any member of the forces to obtain an abortion instead of carrying the pregnancy to term. Members of the Canadian Forces are, as I have said, free to make these decisions for themselves. Of course, all of the medical care for Canadian Forces members is provided at public expense, and this would include any travel related to the provision of medical care. But I repeat that it is neither the policy nor the practice of the Canadian Forces to instruct its members to obtain an abortion rather than carrying a pregnancy to term.

Senator Haidasz: I have another supplementary question. Does the Leader of the Government in the Senate condone the recording of an abortion in the Defence medical files as merely a "curettage for menstrual problems"? This is how abortions are recorded in the files of the Defence Department for those women who go for these procedures.

Senator Murray: Honourable senators, I am not aware of what the files show or of what the files can show. I repeat: abortions are not performed in our military hospitals. There is only one obstetrician-gynecologist in the entire Canadian Forces. If a woman is seeking an abortion, she is referred to a civilian physician; and, apart from the arrangements that are made to pay for the procedure and for the travel costs associated with it, I would not think that there would be very much detail in the files of the Canadian Forces.

Senator Haidasz: Does the Leader of the Government in the Senate believe that one obstetrician for 8,800 women in the armed forces is sufficient to look after their gynecological and obstetrical problems?

Senator Murray: Honourable senators, the fact of the matter is that there are only two other doctors presently being trained, as I understand it; but if the point the honourable senator is making is that abortion should be available at armed forces hospitals, the position that the armed forces take is that the demand at any single facility is too low to warrant the setting of this service and that it is, therefore, more appropriate to refer to civilian physicians those members of the services who are seeking abortions.

Senator Haidasz: I have another point, honourable senators. The article continues by saying that these pregnant women in the armed forces of Canada

> . . . know very well that if they pursue their pregnancies they will be subjected to repression from their colleagues, from their unit head and from their career manager.

Does the government condone this kind of treatment of Canadian women in the armed forces?

[Senator Murray.]

Senator Murray: Once again the honourable senator is all too ready to swallow anything he sees or hears in the media and/or to put the worst possible construction on it and then come into the Senate and litter the public record with these distortions. Let me tell him what the policy is.

A member of the armed forces who becomes pregnant may, of course, continue to serve in the Canadian Forces. However, if she expects release, it is regarded and classified as a voluntary release. A woman who suspects that she is pregnant is required by the policy to report immediately to a medical officer. Pregnant members who continue to serve in the regular forces may commence maternity leave later than eight weeks before confinement, and that leave may terminate six weeks after confinement with, (a), the recommendation of the medical officer, (b), the approval of the member's commanding officer, (c), concurrence of the member. A member who is pregnant and remains in the regular force is entitled to medical care. Counselling and assistance are provided to the pregnant member during the prenatal and postnatal phases of pregnancy by the appropriate officers in cooperation with any civilian agency to which she may be referred.

CAPE BRETON DEVELOPMENT CORPORATION

PROGRESS OF CONTRACT NEGOTIATIONS

Hon. Robert Muir: Honourable senators, I should like to pose a question to the Leader of the Government in the Senate. May I ask the honourable gentleman what progress, if any, is being made between the unions representing the workers at the Cape Breton Development Corporation and the management regarding the contract, which is over one year past due at the present time? Could he enlighten us on what progress is being made and how soon there may be a settlement, or is he getting any reports from the minister responsible for the Cape Breton Development Corporation? I would be very pleased to hear what is happening.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I regret to say that my information on that important matter is not as current as it should be. I will obtain an up-to-date report and bring it in shortly.

• (1450)

Senator Muir: I thank the honourable gentleman. Due to the lateness of the hour, coming to what should be a very happy, holy and joyful season, I am sure that it would be in the best interests of all of the workers and, indeed, of the management of the Cape Breton Development Corporation if some sense or reason could be put into the minds of the president of that corporation and his negotiators so that they could work towards some settlement as soon as possible.

Senator Murray: Honourable senators, I appreciate the points my friend has made. Of course, I recognize and acknowledge his deep interest in those problems. The best I can do for the moment is to undertake to bring all of the

information that is available to the Senate at the earliest possible date.

DELAYED ANSWER TO ORAL QUESTION
PHARMACEUTICAL INDUSTRY

CONNAUGHT BIOSCIENCES INC.—GOVERNMENT ASSISTANCE IN FINDING CANADIAN INVESTOR

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate yesterday, Wednesday, December 13, 1989, by the Honourable Stanley Haidasz regarding the pharmaceutical industry.

As requested by the honourable senator, I am tabling the official press release issued yesterday by Investment Canada regarding Connaught BioSciences Inc. Along with it is a rather large document. I ask that it be tabled and that the information be given to Senator Haidasz.

Document tabled.

[*Translation*]

DEPARTMENT OF FORESTRY BILL

THIRD READING

Hon. Mira Spivak moved the third reading of Bill C-29, an Act to establish the Department of Forestry, to amend the Forestry Development and Research Act and to make related amendments to other Acts.

She said: Honourable senators, I would like to say just a few words about Bill C-29.

I absolutely must respect our Speaker's request to be brief. As I am terrified of disobeying him, I shall try to be, indeed I assure you that I will be, brief.

Hon. Senators: Hear, hear.

[*English*]

Honourable senators, there are some who have referred to Bill C-29, an act to establish the Department of Forestry, to amend the Forestry Development and Research Act, and to make related amendments to other acts, as a housekeeping bill, establishing once again the structure of a department of forestry, but I think that is a misnomer. Bill C-29 redefines the federal role in forests and forestry. It reestablishes the traditional role of the department in exercising federal leadership in forestry. It sets forth the department's major role in research and techology transfer; the major national research agency in forestry is Forestry Canada. The bill also reinforces the department's role in providing forest resource data and forest inventory and in assuring forest resource development through federal-provincial agreements, in guarding the marketing and competitiveness of the forest sector both domestically and internationally, and in enhancing public awareness of forestry.

But, as well, the Minister of Forestry has been given two new and vital functions. He must have regard to the integrated management and sustainable development of Canada's forest resources—and the preamble of the act gives the Brundtland definition of sustainable development. It is in this area that I wish to address my remarks, because the committee spent a great deal of time on that subject.

The minister, in testimony before the House on October 10, 1989, stated that there should be "no doubt about the government's commitment to the concept of sustainable development," which is interpreted to mean that no development is to take place in any sector that would in any way endanger the rights of future generations to derive their needs from the environment which we manage. So, in the words of the minister:

> The Department of the Environment will be involved when dams are commissioned to be built, when transportation systems are put in place, in anything we do, including the building of new pulp mills and the treatment of effluents from the industry.

It seemed, therefore, as though the federal government, in the minister's mind, was positioned, in the case of forestry, through the Department of the Environment and other areas of federal jurisdiction, to determine whether or not sustainable development was being practised in any sort of development—saw mill, pulp and paper or other—in our country. Yet, as we heard in the testimony of the witnesses before our committee, there was some doubt that the concept of sustainable development could be implemented in such a comprehensive manner. The minister himself spoke of the need to increase the annual allowable cut in the face of increased demand for timber. He expressed doubt about the utility of old-growth forests and, in fact, stated that old-growth forests need to be cleared up to make room for new growth. He also stressed the need for more intensive management of forests by plantation methods and more extensive use of herbicides and pesticides. I must say, with great respect, that I am in some disagreement with the minister about the utility of old-growth forests.

After listening to testimony of witnesses at these Senate hearings, I am afraid that this bill, as it is now written, will satisfy those who look upon forests as a source of wood fibre and as sustaining forest yields for mills more than it will satisfy those who view the forests as having intrinsic value, spiritual and cultural, whose protection as an existing ecosystem is essential to our survival.

The testimony before the committee failed to reveal how, under this act, federal powers would be used to implement the new powers of sustainable development and integrated management. The act does not define "integrated management"; a definition was supplied by witnesses from the Sierra Club of Western Canada, who said that it should include the recognition of Canada's forests as a national and international source of ecological diversity and water quality. Forests should be recognized as affecting the global climate and as having recreational, spiritual and cultural values in excess of economic ones.

It is difficult to see how federal powers under this act, as presently enunciated and in view of the anticipated increase in

demand for forest products in the next 20 years, will be used to ensure the protection and enhancement of Canadian wildlife in Canadian forests, the protection of old-growth forests, and the preservation of genetic diversity in managed forests, as was recommended to the minister by the Canadian Wildlife Federation. It was suggested that these recommendations addressed to the standing Senate committee be included in the act. They are identical to recommendations included in the report of the House of Commons Standing Committee on Environment and Forestry of September 1988.

Dr. Slater of the Department of the Environment, in testimony before the Senate committee, commented as well on the role forests play in the ecosystem. He said:

> They are extremely important as habitat for wildlife. They are important in regulating the flow of both surface and ground waters; they are important in photosynthesis. They are extremely important in the way that they absorb carbon dioxide from the atmosphere and build up a carbon bank. They are also important in communities. Forests are just such integral parts of the ecosystem.

There was no question, however, in the minds of those who spoke to us about the great need for an enhanced federal role in forestry, for federal leadership, despite constitutional provision for provincial ownership of forest resources, as Senator Olson kept reminding us all the time.

Increased federal leadership in this field is absolutely necessary, we were told, because there is trouble in the forest. The Minister of State for Forestry, in commenting on forest management, admitted "that in some provinces we were over-cutting" the forest. Mr. Fullerton of the Canadian Forestry Association stated that "there is more area cut over than is silviculturally treated for regeneration" and that "we are running out of the right species, quality and size in the right place because we have problems here, there and everywhere," a statement backed up by Mr. Clayford of the Canadian Institute of Forestry, who agreed that there were problems—everything was not roses.

In fact, the Auditor General's report of 1988 stated that "significant shortages of wood are now reported at the local level in every province." In fact, the most recent figures from the Library of Parliament are that 12 per cent of 230 million hectares of productive forestland has not been adequately restocked. This is increasing by 200,000 hectares per year, and means that 27.6 million hectares are not adequately restocked.

● (1500)

The Minister of State for Forestry also stated that we have been adding dramatically to the backlog of insufficiently restocked land. Mr. Blouin, the executive director of the Canadian Forestry Association, told us that although 800 million trees are planted each year, no one really knows how many are surviving and are free to grow.

Recent surveys in Ontario have shown that 40 to 50 per cent of seedlings planted may not survive. It will be difficult for the Minister of Forestry to report on the condition of the forest resources of Canada and their contribution to the Canadian economy as required by the Act without accurate information on reforestation. One of the provisions of the Act speaks to the urgent need for inventory.

However, the most dramatic testimony as to the state of the forests was given to us by the Assembly of First Nations and representatives of the Sierra Club and World Wildlife, Canada. The representatives of the Grand Council of the Crees pointed out that when the first Europeans came to North America, the First Nations were practising a type of ecologically sustainable resource development. Yet they were neither consulted nor mentioned in Bill C-29 as one of the groups in clause 7 of the bill.

The First Nations representative said that they are appalled by the "short-term, mindless exploitation" of the forests and stated that since World War II Canada has cut 80 per cent of its forest. The Minister of State for Forestry agreed partially with that statement if it meant 80 per cent of virgin forest designated for commercial purposes, but I think there is some discrepancy in those figures.

Mr. Dedam of the First Nations said that in most parts of Canada a serious wood supply problem has been directly created by the mismanagement of the forest. The rights to the forest have been assumed by provincial governments and let out to forestry companies without even the most basic consideration being given to the participation of First Nations citizens in the development of their own traditional lands. Such "environmental racism", in his words, has been the principal ingredient of the social crises faced by many aboriginal communities.

The First Nations who signed treaties guaranteeing them the right to hunt, trap and fish in their traditonal lands—and in Quebec this means category II lands, we were told—as they have always done, view the destruction of forests, their habitat, as a direct violation of those rights. The clear-cutting of forests, in their view, directly damages a right that is established in the treaties. Governments in Canada, including the federal government, have been responsible for the mismanagement of forests on lands subject to treaties and modern land-claims agreements as well as on lands where First Nations have unextinguished aboriginal title.

The representatives of the Grand Council of the Crees also took issue with the current method of forest management, which converts forests, in their view, from natural habitat to farms, so that the genetic variety and durability of a natural forest is traded in for the artificial landscape of a planted forest susceptible to disease and geared only to timber production. As the witnesses concluded, forestry across Canada is a national tragedy for Indian people; a tragedy most people have not seen.

Representatives of Wildlife Canada and the Sierra Club testified as to the condition of the western rainforest in British Columbia. Problems there include, they said, annual allowable cuts at double the sustainable rate, clear-cutting to the shorelines of rivers causing erosion, polluting river waters with clay, destroying fish habitat, and causing vastly increased numbers

of landslides and insufficient stability on steep slopes for new growth to occur. No restrictions exist to prevent cutting to the shorelines of rivers; there are no restrictions on clear-cutting of whole mountain sides and no legal protection is afforded to many ecologically valuable sites.

Representatives pointed out that while these were problems of management under provincial jurisdiction, they have a federal impact. One of the major properties of forests is moisture exchange. Thus, when coastal forests are cut, that will have an effect on prairie climate as well as on water systems and fish, which are both federal resources. It was stated as well that, at the present rate of cut, the significant old-growth forests on the west coast will be gone within 20 years. In the Queen Charlotte Islands, for example, the volume of wood being cut is approximately 250 per cent of the volume of wood that can be grown on the land.

Honourable senators, I just wanted to share with you some of the testimony of witnesses before the Senate committee, because it is compelling evidence as to the state of our forests. However, there is daily evidence in the press as to the impact of forest practices. Recently seven B.C. fisheries, involving hundreds of commercial fishermen, were closed because high levels of toxic chemicals from B.C. pulp mills were found in shellfish. These closings followed similar closings that occurred in the past year in Howe Sound.

Yet a report by Environment Canada done in July of 1988, which found that 83 of 122 pulp mills in Canada were dumping more toxic chemicals into Canadian waters than national pollution standards allow, has not been followed by widespread prosecutions. Nor has it prevented provincial governments from using financial incentives in the billions of dollars to entice bleached kraft pulp mills to begin operations in the northern boreal forests. The impact of major pulp mill expansion, with the concomitant discharge of chlorinated organic compounds, including dioxins, into Canadian rivers, will pose an increased challenge to the federal government in the protection of rivers, fish and wildlife habitat, not to mention the impact on forest ecosystems of massive clear-cutting.

Curiously enough, the market-conscious pulp and paper industry is investing billions of dollars in bleached kraft pulp mills using only forest products, while in Canada's biggest market, the U.S., both the federal government and 28 states have passed laws promoting governmental purchases of products manufactured with recoverable materials obtained through recycling, for example. This has been done because of the high cost of waste disposal in American cities, and also because consumer demand is changing.

In Canada, Loblaw's "Green Products" line, which includes 100 per cent recycled content toilet tissue, has grabbed 60 per cent of the chain's bathroom tissue market, whereas 10 to 15 per cent is normal for a new brand. Yet Loblaw's has to import recycled tissue from Sweden. The questions that have to be asked are: Why does Canada, the world's number one pulp and paper exporter, need to import recycled content paper and clean technology paper products? Why is our paper industry pumping out so much chlorine bleach pollution when people want to buy unbleached paper? Why does the industry not replace its recent high-priced advertising campaign with an investment in de-inkers, in plantings near the "urban forest," that is, Canada's major cities?

Honourable senators, Canada needs a federal department of forestry and it needs strong federal leadership if sustainable development is not to remain just fine words on a page. No jurisdiction except the federal government is capable of implementing the principles embodied in that concept. It is clear from the testimony of federal officials that since the concept of sustainable development implies integration of environmental considerations, along with the traditional financial, technical and political ones in development decision-making, including forestry development, the only legislated vehicle for accomplishing that at the federal level is the environmental assessment and review process. Thus the implementation of sustainable development will take place through the examination of any project that involves federal land or money, or any project that may have an effect on an area of federal responsibility, such as fisheries, migratory birds or water. The landmark decision in the courts on that point is, of course, the decision on the Rafferty/Alameda Dam given by Mr. Justice Bud Cullen.

At the moment one of the major failings of the environmental review process, as Senator Fairbairn pointed out in questioning the process as it is now ongoing in Alberta, is that consideration of environmental issues does not come early enough in the planning process. Thus the process tends merely to identify how a project design may be adjusted to mitigate environmental threats rather than ensuring that environmental factors are considered along with economic ones right from the inception of the project so that alternatives can be considered. We await upcoming legislation on the environmental assessment and review process from the federal government.

● (1510)

For the Minister of Forestry to fulfil his duties under clause 6(d) of Bill C-29 he cannot simply rely upon the existing enviromental assessment and review process but must formulate a more comprehensive and fundamental planning process for forest management. I would hope that the minister would consider the very worthwhile amendments proposed during our hearings by the First Assembly of Nations, the Sierra Club of Western Canada, which, by the way, represents a caucus of some one million Canadians, World Wild Life Canada, the Canadian Wildlife Federation, and the recommendations of the report of the House of Commons Committee on Environment and Forestry of September 1988. Consideration of these amendments would, in my view, strengthen the forestry legislation and tip the balance towards environmental considerations rather than economic ones, so as to enhance the prospects of those very economic pursuits in the long term. Of course, without a good environment our economy is limited.

Honourable senators, most of the groups who appeared before us were asked by Senator Marchand their opinion of the advisability of the Senate's conducting a study on forestry

similar to the celebrated Senate study "Soils at Risk." We received a most favourable response, and I would hope that the Senate would respond as favourably to the request for a study following on the issues raised by our examination of Bill C-29.

Hon. H.A. Olson: Honourable senators, I listened very carefully as Senator Spivak reviewed some of the evidence given before the committee. She has presented a good analysis of the evidence, touching some of the more important points. I also agree with a number of her assertions about the importance of our forests. Indeed, while I do not have firsthand knowledge of whether or not there has been serious deterioration, I accept the evidence she has presented that there is some serious deterioration in our forestry resource from a number of causes. I agree with the honourable senator that our forests are exceptionally important habitats for a number of ecosystems vital to our survival. I agree that the maintenance and, indeed, rehabilitation of forests exploited for commercial reasons through the replacement of trees and enhancement of growth is vital, and that forests have tremendous effect on climatic conditions. Forests in most cases are the watersheds for a number of our most important rivers in Canada. So there is no question at all that our forests are vitally important.

However, where we come to a difference of opinion is in determining whether or not there is anything in Bill C-29 that will deliver on some of the hopes she has expressed. For example, it is said that we need more federal participation in the management—integrated, intensive or whatever, there being different interpretations of those terms—of our forests. That we are setting up a department of forestry in the federal government is not new. It was done before, only to be phased out. That is not to say that the federal government withdrew completely from involvement in the forestry. For example, it provided financial resources for enhancement, ongoing research and so on of our forests.

The point is, however, that the federal government does not have under the Consititution any significant jurisdiction to make laws respecting the management of forests. I realize that the government can come at it from other directions. It can use the Department of the Environment and environmental laws or that part of our Constitution that deals with "peace order and good government" and other related means to get into the area. There is also the fact that the federal lands of Canada make up some 10 per cent of the forests of this country. So there is some leverage, and I admit that.

When the Minister of State for Forestry or the prospective Minister of Forests, the Honourable Frank Oberle, appeared before the committee, I asked him whether he believed he had any authority under federal jursidiction to make laws respecting the management of forests under provincial authority. Of course, he said no. He is right, and we have been through this situation before. I asked him whether or not he had any delegated authority from any of the provinces to get involved in this kind of activity. He said that he did not have any delegated authority. I have not reviewed the transcript of the evidence, but I believe I then asked him whether he had any hope or promise that there would be a delegation of authority from provincial jurisdictions. I believe he said no. Mr. Oberle then went on to argue that there is something more important even than that authority, and that is money. The federal spending power is what we will use to assert federal government management, research and other thrusts in forestry. That sounds good.

I experienced a similar problem when I was Minister of Agriculture and was trying to set up coordinated programs with respect to the marketing of agricultural products. The provincial ministers had asked the federal government repeatedly to get involved in setting up a coordinated marketing approach for certain products. The products high on the list at the time included eggs, turkey poults, boilers and so on. I shall not go into all the details, but the provinces had tried to reach agreement among themselves. Obviously, they had the jurisdiction to make the laws, and we in the federal government did not question that jurisdiction. However, they ended up coming to the federal government to develop a coordinated approach and programs that would apply across the country. So we did. Our plans did not work perfectly in the first years, and, in fact, even after several years some of them are still not working perfectly. However, the system proved to be a whole lot better than what was in place before. In this case all provincial ministers were pleading with the federal government to get involved in an activity that was clearly within provincial jurisdiction.

When the government asked the provinces, however, whether they wanted a department of forestry, they said, "Oh, yes. We'd like the money," and that sort of thing; but they have not delegated any authority to the federal Department of Forestry to make laws and regulations and enforce them for the purpose of achieving a high degree of intensive management or integrated management, whichever you like, of the forests. Everyone has agreed that a unified approach is needed if we are to improve this very important resource.

After Mr. Oberle advised us that money would be a great inducement to the provinces to support the federal Department of Forestry, he was asked about the FRDA agreements in place between the federal and provincial governments. These agreements involve activities to maintain and enhance forestry. We learned that four of them had expired earlier in 1989 and that they had not been renewed. Why had they not been renewed? He admitted that financial constraints had prevented the federal government from renewing these agreements that had been in existence with the provinces.

I am somewhat confused, because, first of all, they admit they have no authority under the Constitution to make laws; nevertheless, they will use the federal spending power to become involved in all kinds of activities to enhance forestry. But after asking some further questions we found out that only a few months ago the agreements that had been in place expired because the federal government decided that that was where they were going to do some cutting to meet the budget requirements. Therefore, they are not going to spend the money either.

• (1520)

I understand that tomorrow, or within the next few days, we will be receiving another list of cuts. Are we going to have cuts someplace else and have money allocated to the Forestry Department so that we can at least get back to where we were with respect to federal-provincial cooperation in agreements to enhance forestry?

I am sure Senator Spivak and others will forgive me if I am a little skeptical about that. I do not believe they are going to enhance spending on forestry, so why is this bill before us? Is it a great sham of some kind? They admit they cannot do it under the law as it exists and then they admit that, while the money is important, they have not got the money to carry on with the agreements that they had and which, in fact, expired earlier in 1989.

Honourable senators, I do not want to spend much more time on this bill today because I guess we will pass it into law anyway. However, the evidence we heard, particularly from the minister, is not convincing that anything useful will be done, at least until either we get rid of this government or we reach the next stage where a government is going to allocate resources to the enhancement of forestry. The minister told us very plainly that they were not going to do it because they could not afford it, and that they did not have the right to make laws in any event. I am not sure why we are going through this exercise.

I agree with the comments about how wonderful the forests are; that we need them; that we need to keep them healthy; and that they are an enormous economic factor in Canada. Forestry products are the largest export item we have—there is no disagreement there, but whether Bill C-29 will do anything to enhance the forestry is the real question; if it will not, why are we going through this exercise?

Some Hon. Senators: Hear, hear!

Senator Spivak: Would Senator Olson permit a question? Having had the delightful experience of listening to him during the committee hearings, I am still not certain whether he advocates greater federal powers or whether he is a provincialist and is suggesting that the provinces ought to take on all of the responsibility.

Before the honourable gentleman answers that question, I would add that one of the witnesses said it was perhaps not fair and not possible to have a sectoral department, such as forestry, contain within itself all of the federal powers that such responsibility entails. The federal government does have powers, but it just has to be willing to use them in a way that would be more sweeping than some people would like to see.

I should also like to add that it is the pulp and paper mills, the sawmills and, in fact, all of us who reap the benefits from the forests, and, while the federal government should be involved in the management of the forestry, perhaps we should demand a greater amount of prevention in terms of despoiling the forests. Then we might not have to spend so much money in repairing the damage that has been done.

Senator Olson: I think some honourable senators will agree with the minister who is going to administer this department, Mr. Oberle, and with my observation that the federal government does not have any authority under the Constitution of Canada to make laws. There is no question about that, and I see by Senator Spivak's motion that she agrees with that. They may have some authority under the environmental law and perhaps they could invoke some provisions relating to peace, order and good government, if they dared, but I do not think they would ever do that. They could take over the forests, but I do not think they will. In fact, someone asked Mr. Oberle if he was going to use that law—perhaps it was Senator Spivak herself—and he said that he was not going to try to do that.

If you are going to get delegated authority from provincial governments who have the authority to make laws for the management of that resource, then I think you have to persuade them that a federal Department of Forestry can do the job better than they can do it themselves; otherwise, why would they transfer the authority? Quite frankly, I do not think they are going to give that delegated authority, and I can see that Senator Spivak does not think so either. They will do it from time to time on a piecemeal basis if they believe the federal government will use its money to pay for the costs rather than have it come out of the provincial treasuries. That is clear.

Honourable senators, quite frankly, it shocked me to discover at these hearings that they had let four federal-provincial forestry management agreements expire this year. I asked why and was told that they could not afford to carry them. This was said after it was mentioned that they were going to use their money as the incentive to get involved in this business. That is what is troubling me.

On motion of Senator Fairbairn, debate adjourned.

ADVANCE PAYMENTS FOR CROPS ACT PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—THIRD READING

Hon. Martha P. Bielish moved the third reading of Bill C-36, to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act.

Hon. Joyce Fairbairn: Honourable senators, it is with feelings of great frustration that I rise to speak on third reading of this bill today. Bill C-36, which amends the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act, is a bill which we know must pass with all speed if farmers are to receive any assistance through advance payments from this government.

We have been repeatedly reminded, including during the debate on second reading by Senator Olson, that it was another Conservative government under the late Right Honourable John Diefenbaker that introduced these interest-free advance payments for grain in 1957—a system that, over the last 30 years, has been extended to provide tremendous assistance to producers of many different crops at a minimal cost to the federal government.

• (1530)

The main thrust of Bill C-36 is to eliminate the interest-free provision on advance payments, to put this program on what the Department of Finance economists and the banking industry consider to be a sound business and banking footing.

An examination of committee testimony in the other place shows that, in line with that philosophy, a formula for calculating this interest is being worked out, which, frankly, would baffle a Philadelphia lawyer. No wonder the farmers are questioning just what rate of interest they will end up paying and just how the administrative costs will be kept under control. There is no guarantee at all that the rate will be lower than prime. In fact, we have heard a number of witnesses speculate that it will be prime plus one. However, there are no guarantees, and the rate itself will make the program least accessible to those who need it most.

In addition, the ceiling on loans has been increased some eightfold. That will benefit the larger producers, but, as has been repeatedly pointed out, the last thing that many farmers need, along with their huge capital costs and their debt load, is further debt room. The government's action in suspending existing legislation and in delaying these amendments since the budget announcement last April is, in my view, deplorable. For many farmers assistance now is simply too late. They have had to sell their crops in order to pay their bills and maintain their cash flow, regardless of the price.

The grains and oilseeds minister himself, the Honourable Charlie Mayer, was asked in Calgary at the first of this month, during the annual meeting of the Alberta Wheat Pool, why the government did not fund the current advance payments legislation. I should like to quote Mr. Mayer's response. He said:

> I don't have a good answer for you. In restrospect, if we had thought for one minute that it was going to take this long to get the bill passed, then we would probably have done what you suggested—just leave the other one in place until we have the new bill passed.

So the question is: Why didn't they? Was it purely carelessness? Was it poor judgment? Or was it some kind of deliberate design to squeeze Parliament and, at the same time, hold farmers hostage on this issue?

Mr. Mayer and Mr. Mazankowski, the Minister of Agriculture, are very experienced and, I might say, fine parliamentarians. They have known over a period of many years that there is no such thing in Parliament as a simple farm bill. Because of the very nature of the issues and the strength of the lobby that farmers have in this country, every farm bill is a major piece of legislation and debate is always long and lively. So we must also ask: What really is the reason for slapping an interest charge on the advance payments? When we heard from the parliamentary secretary, he was very clear in his testimony to the committee that deficit reduction is the main reason for eliminating the interest-free provision. Therefore, one asks: Was deficit reduction also the reason for suspending the funding of the current legislation indefinitely, regardless of when the new legislation would be passed? Perhaps, as well, the delay and the legislation, Bill C-36, serve as a signal to the powerful U.S. agricultural lobby as to the position the government plans to take in the future on the negotiation of farm subsidies in the wake of the Free Trade Agreement.

[Senator Fairbairn.]

Honourable senators, this is just the latest in a series of measures that this government has targetted during the last year and a half to shrink federal support measures to farmers in Canada. Although Senator Olson referred to these during second reading, I should just like to note some of the programs that have been affected and will be reduced in some way over the next two years: we have crop insurance to the tune of about $200 million; we have grain and flour transportation for some $60 million; we have the Rail Branchline Rehabilitation Program, the Dairy Export Program, the Commodity-Based Loan Program, the Canadian Dairy Commission, and then these two bills that we are discussing today. The implication of each of these alone is serious, but their combined impact on the overall issue of farm financing will be devastating to some farmers, especially in the context of the forecast by the Department of Agriculture of drastically falling farm incomes in the year 1990.

If honourable senators will permit me, I should like to review these trends briefly, particularly for the prairie provinces. By 1989 farm income trends in these provinces appeared to be improving, after a period of lows during the early 1980s that farmers in the Prairies of the country had not endured since the years of the Great Depression. However, next year, that is, in 1990, farmers in the prairie provinces will somehow have to cope with total net income drops projected to be in the nature of 78 per cent for Manitoba and 85 per cent for Saskatchewan, while it is projected that Alberta farmers will face a significant 66 per cent drop in total net income after a decline of 12 per cent in 1989. For Canada as a whole, the total net farm income is projected to decline by 43 per cent next year.

With regard to realized net income, that is, net income adjusted for depreciation, the picture is even more severe, with a decline of 87 per cent in realized net income for Manitoba and a decline of 101 per cent—a negative!—for the province of Saskatchewan. The decline for Alberta is 54 per cent for 1990. Nationally, the decline is projected at nearly 40 per cent.

When you examine the latest projections by the Department of Agriculture, you will see that the overwhelming factor in these horrific drops is the huge reduction in federal farm support programs projected for 1990: $304.5 million or 70 per cent for Manitoba; $830 million or 70 per cent for Saskatchewan; and $318 million or 60 per cent for Alberta.

In their report, "Growing Together", Mr. Mazankowski and the government have painted a rather rosy picture by dwelling on averages, such as average farm incomes and averaging formulas used to calculate required farm support. However, honourable senators, averages by no means paint a true picture of the situation for farmers. You do not have to be a mathematician to know that for every farm family whose income is

above the average another is below and therefore struggling to a greater or lesser degree just simply to survive.

Nor is it fair, in my view, to compare salaried income with farm income, when farmers must make huge capital investments and carry enormous and increasing debt loads, as well as face the vagaries of climate, soil, disease, infestation, and always, in these days, the pressures of the international market.

● (1540)

In reading and rereading "Growing Together", which I think a lot of us did because of the very large and useful conference that was held here earlier this week by Mr. Mazankowski for farmers across the land, I was struck by the perspective from which this report seems to have been written. It seems to be almost that of an urban economist with a business background who does not know a great deal about the personal commitment, the daily struggle, the long hours and the physical labour of Canadian farmers, their wives and their children.

Honourable senators, we and the Canadian farmers have no choice but to note these trends and consider the implications of the policy changes, such as Bill C-36, as we look ahead to 1990 and the future of agriculture in this country.

In my view, this bill should die here in the Senate.

Senator Molgat: Hear, hear!

Senator Fairbairn: The government should obey its own current legislation and guarantee interest-free payments to farmers who wish to apply even at this late date. But we know that the government has no intention of following that course. We know that the farmers who need to take advantage of interest-free payments are the very farmers who, today, are asking their organizations and honourable senators to do whatever it takes to get their funds to them quickly, in spite of interest charges.

I think it is an appalling situation in which to place the farmers of this country, who are indeed playing their part in fighting the deficit while, at the same time, absorbing incredible domestic and international economic pressure and climactic shocks. Farm organizations across this country have raised their voices in concern over this bill: the unfairness of its provisions and the dilution of its effects in truly assisting farmers in the future.

I should like senators to know about some of these organizations that have spoken up, and I will run through the list: the Ontario Soybean Growers, La fédération des producteurs de cultures commerciales du Québec, Western Canadian Wheat Growers Association, Western Barley Growers Association, Alberta Pulse Growers Association, Focus on Input, Keystone Agricultural Producers, Prairie Canola Growers Association, Manitoba Canola Growers Association, Saskatchewan Canola Growers Association, Alberta Soft Wheat Growers Association, United Grain Growers, Flax Council of Canada, Atlantic Grains Council, Ontario Corn Producers Association, Manitoba Pulse Growers Association, Western Canadian Pulse Growers, Ontario Canola Association, Manitoba Corn Growers Association, Canadian Organic Producers Marketing Co-op Ltd., National Farmers Union—which is a favorite of my friend, the chairman of the committee—Canadian Federation of Agriculture, Alberta Wheat Pool and the three Prairie Pools together.

Obviously, the Senate committee could not hear from all of these groups and associations because of the time constraints in dealing with this bill; however, we did have an excellent cross-section of witnesses. Before I conclude, I wish to review very briefly the main points of their testimony.

The Canadian Federation of Agriculture, which came to see us along with representatives from the prairie pools, told us that the decision to remove this interest-free provision on the two cash advance programs was made

> . . . with very little consultation, and it appears very little consideration of the consequences.

They told us that little thought was given to the timing of the decision and that, as a result, producers have not had cash advances in any form available to them since August 1, which was the beginning of the 1989-90 crop year.

The Canadian Federation of Agriculture requested that the government reconsider its decision to remove the interest-free provision of the two acts. They asked that interest-free cash advances be resumed immediately, and they said that before new legislation is passed the government should do a full and thorough study to determine the effects of the amendments in Bill C-36 on farm income and on farm markets, and they offered to take an active part with the government in any such study.

The Ontario Soybean Growers came to see us, and they noted that charging interest under Bill C-36 would deter producers from using the program, which would lead to greater deliveries at harvest and further depressed prices. They also noted that Canada is under no obligation under the Canada-U.S. Free Trade Agreement or the General Agreement on Tariffs and Trade to reduce any existing farm support programs. The U.S. has not made any changes to its programs, and this organization said that the elimination of the interest-free feature of the two advance payments programs would only place Canadian farmers in a less competitive position in world markets. They believed that all of those factors combined would make the program, as amended, one of little use to Canadian farmers.

The Western Wheat Growers Association also appeared before our committee. They were also concerned about the interest-free provision being removed and they made two suggestions that would help to ameliorate the effects of this bill, which the government might wish to consider. They suggested that the Canadian Wheat Board initial prices should be raised incrementally throughout the crop year to reflect on-farm storage and carrying charges while farmers await delivery opportunities, and they also suggested that the federal government should immediately—"must", they said—increase initial prices for wheat to reflect more closely the Canadian Wheat Board card prices at the ports.

The Ontario Corn Producers' Association, which is under considerable pressure from its membership, wrote to us saying that their association is opposed to the removal of the interest-free provision. They say in the view of their 25,000 member association, however, that, while the bill contains a provision that is unattractive to them, further delay of the legislation could result in benefits of the program, which, in their view, are still substantial, even after amendment, not being available to farmers at a time of critical need.

The Atlantic Grains Council was also opposed to the removal of the interest-free provision, saying it would reduce the effectiveness of both programs; but they too urged the Senate committee to allow the bill to be passed, even in its current form, in an effort to assist the farmers.

The Prairie Canola Growers Council appeared before the committee this week; they estimate that, if this bill goes through, only a quarter of those who previously applied for advances would apply for the new program. They noted that all farmers, however, would pay the increased costs associated with the interest-bearing advances, whether they made use of the program or not, and they speculated that their administration fee for assisting with this program would rise from $75 to $250. As a result, they see little merit in their continued administration of a canola cash advance under the guidelines in Bill C-36. However, they did not encourage us to stall passage of this bill. They feel it is unfortunate that the interest-free program is being dropped, but they also see the advisability of helping those farmers who desperately need the cash.

● (1550)

I will deal finally with the National Farmers Union, which believes that Bill C-36 will not contribute towards improving the competitiveness or efficiency of Canadian producers. The union representatives said that it should have been withdrawn or permitted to die on the order paper of the House of Commons and that the current interest-free legislation should have been reinstated. The president of the National Farmers Union, Mr. Wayne Easter, told us that he viewed this program as, in his words, a "stupid decision by government in terms of managing the economy . . . a terrible economic decision." But the National Farmers Union also noted the plight of farmers who are looking for the cash.

Honourable senators, we had some excellent meetings and we listened to the producers through their associations. I know that individually we have received many phone calls privately from farmers. We are not going to kill this bill, because for a number of farmers it is better than having no bill at all. We will pass this bill for them. But in response to and in agreement with their stated concerns, we pass this bill under strong protest.

Hon. Gildas L. Molgat: Honourable senators, with respect to this bill, I find myself in the same position as the farm groups who appeared before our committee and as the Manitoba farmers who called me. I think it is a bad bill. I think what the government is doing is wrong. I think what is in place was good for the farmers of Canada, good for the government itself, and good for the whole management of grain movement in this country. I think this bill is the reverse of what we should be doing. But, as the farmers have said, what choice have we? We are going to be worse off if we do not pass it.

[Senator Fairbairn.]

I regret the course that the government has taken. I think that the government has now embarked upon an entirely different course vis-à-vis agriculture to what it claims it has embarked upon. I have to admit that this government did come to the aid of western farmers in time of drought, and that was good. Since then, however, there seems to be a new approach on the part of this government. It is establishing exactly what it is trying to establish in all economic fields—the market system. The market is going to determine what's what, and the market, big corporations and American interests are going to be what this government is interested in.

I should like to remind my honourable friends opposite that, if my memory serves me correctly, cash advances were brought in originally by John Diefenbaker. That program was brought in by a man who understood the problems of western Canada. It was a good program and he understood why it was a good program.

What will happen now through the removal of the interest-free portion of the cash advances? Farmers will now have the great incentive of delivering immediately. If they have to pay interest on those loans, they will want to deliver their grain and they will put pressure on the Wheat Board to receive that grain. The original intention of the cash advance program was to remove that pressure so that the Canadian Wheat Board could regulate its shipments in a way that was best for the whole of the farming community. The farmers, therefore, were given advances on grain that was held on their farms. They did not put pressure on the delivery system. When the Canadian Wheat Board needed the grain, it called for it from the farmers, the farmers delivered, paid off their cash advances, and the system worked well.

Now we are reversing all of that; we are going to start charging the farmers on those advances—and it is the wrong approach, both for the farmers and for the proper handling of western grains.

Honourable senators, I cannot understand why the government would take this course of action. I think either it has misunderstood the western situation or it is going headlong into a situation in which it does not matter who is hurt—the market system will function.

Honourable senators, if we had established Canada on the basis of the market system, there would not now be a Canada. We have succeeded as a country because we have been prepared to do many things that do not function according to the market system. It is because we have been prepared to do those things that we have a country like this one. On the northern fringe of the continent, under very difficult circumstances, against geographical sense, we have been able to succeed through governmental measures. And this government is turning against all of that. This is one example of it—not the biggest one, by any means, but one example.

As the farmers have said, however, it is better to have advances and to have to pay interest on them than to have no advances at all. There is an urgency in the matter because the year-end is coming up, and it is essential that the farmers receive those advances before December 31. With extreme reluctance, then, I will do nothing to delay the bill. We will pass it, but I hate to do so.

Hon. H.A. Olson: Honourable senators, it is more with sadness than with any other emotion that I rise to make a few comments on this bill. When you look at the kind of economic sense that is in Bill C-36, well, you experience all kinds of emotions. You may feel frustration; you may feel anger. I cannot understand why a government would do this to the agricultural community. On balance, this bill will cost far more money than it will save; so the government cannot make the argument that it will cut costs. Honourable senators, I have been angry about this bill, I have been frustrated, but now I am just sad.

Several days this week my phone has been ringing, starting early in the morning and continuing into the afternoon. I suspect that perhaps some Conservatives in Manitoba and Saskatchewan are saying that it is the Liberal senators who are holding up this bill and I suspect that they are encouraging others to phone in.

Senator Flynn: Do you really think so?

Senator Olson: No, I just suspect so. I asked some farmers whether they were sure that they wanted us to pass this bill. They told me, "Well, we don't have access to any cash and we have been used to having it available to us for the past 30 years." I learned a few very surprising things this week. I was told, for example, by some farmers who called me from Manitoba that the credit unions in that province will no longer grant loans on inventories of grain. If a farmer did not have land or some other form of equity as collateral, he could not borrow any money. That surprised me a great deal.

At any rate, honourable senators, I want to say that when we talk about economic mismanagement this has to be the worst case anyone has ever seen. Apparently this bill will save $27 million per year, which is what the interest charges were. However, I guarantee to you—and we say this in our report—that the congestion in the system caused by people moving produce in and forcing it onto the market at harvest time, rather than spreading it out over the entire year when the market can absorb it, will cost far more than $27 million per year, first of all to the producers and then, indeed, to the government treasury itself. There is no doubt in my mind about that.

• (1600)

Senator Molgat mentioned that this program was useful for the prairie grain producers, for all of the good reasons that he recited: orderly marketing; moving in the grades and qualities that are needed at any given time so that the market can be supplied without jamming up the system with types of grain that are not selling at any given time; and so on. In fact, the program worked so well—and it was modified a number of times—that all kinds of other farm organizations adopted it and the federal government that brought it in—which happened to be the government before this one—expanded it to include the marketing operations in Ontario and the Atlantic provinces and applied it to many more commodities than the grains which were its beginning. Those organizations have found it to be a useful means of keeping the price uniform and of allowing farmers the opportunity to take advantage of the prices over the entire year, rather than jamming the market with all of the produce only at harvest time. Now, however, the program is to be phased out.

Honourable senators, as Senator Fairbairn pointed out, this is just another step that this government has taken in dismantling the whole network of programs that were set up for the management of agriculture in Canada to the benefit of the producers. Senator Fairbairn listed, as did I some time ago, various programs, including crop insurance and the dairy support program, et cetera. We had a list of programs and Senator Fairbairn reiterated some of them here today. Now this government has methodically taken them all apart.

Senator Molgat asked the question: Where are we going? What is the philosophy behind all this? Does it have something to do with depending on some kind of market? Honourable senators, anyone who knows anything about agriculture and the way in which agricultural products have been marketed throughout the world knows that there has not been a so-called market or a strictly free-market orientation in our lifetime. There has always been, and always will be, some government somewhere in the world that is providing subsidies in one form or another, and that distorts any market.

The biggest problem we have in Canada today with respect to the grain industry is caused by the decision of the European Economic Community and the United States to have export subsidies for their grain, because that drives the international price down. Is that the market we are talking about, where the Canadian farmers are competing with the will of the politicians to use to the fullest the national treasuries of Europe and of the United States? I say to honourable senators: Is that fair? Is that the market in which Canadian farmers should be competing?

I really gave this government credit a couple of years ago, when we had a severe drought and prices were down anyway, when they did come up—

Senator Barootes: You gave them credit?

Senator Olson: Yes. I have done it many times when they came up with a few dollars—in fact, quite a few dollars. However, I find that this move by the government to abandon those same farmers is really hard to understand.

The Prime Minister says: "We will not abandon the farmers." The Minister of Agriculture says: "We are going to stay with you and help you through this crisis. The United States and Europe are depressing the prices on the international market." What is the Government of Canada now doing? They are pulling back on all of those programs that we have

identified over and over again that help the farmers, and I think it is sad.

Let me tell you this, honourable senators: The message is getting across to the farmers in western Canada; farmers who have been some of the mainstays of the Conservative Party for a very long time in Alberta and in Saskatchewan. Let me tell you, they will not forget you the next time they get a chance to vote.

The Conservative government has lasted one or two years longer this time. However, you will remember the 1930s, when Conservative philosophy also at that time overtook the management of the agricultural economy. It was very clear what the farmers should do to that government in 1935—and they did. I do not think there is any doubt that they will do it again.

International agricultural markets do not exist on the basis of a free market. It is just not there. Someone, somewhere, is paying subsidies, in one way or another, all of the time. The price for wheat in Europe at the moment is three or four times what it is in Canada, as is the price for rice in Japan and all of those other places. There is no such thing as a free market. Why don't you wake up and realize that that is the real world? All of this Conservative philosophy of a laissez faire attitude towards a market is just a bunch of garbage. It is not true today; it was not true ten years ago, and it will not be true tomorrow or the year after.

Therefore, honourable senators, what the government is doing is throwing Canadian farmers on to this so-called "market", where they will be competing against farmers backed by however much money the European Common Market believes they need to subsidize their grain exports into what have traditionally been the Canadian export markets.

Honourable senators, turning to this green paper called "Growing Together", Senator Fairbairn mentioned that she had read it over several times. I tried that too, but I got nauseated reading it. It does not say anything.

Senator Fairbairn: It is depressing.

Senator Olson: Yes, you get depressed, and then the next stage is worse. It simply does not say anything. It says that everything is up for negotiation, as if this government has no opinion at all on how to manage the farm economy. They do not say what they intend to do about grain, about livestock, about fruits and vegetables or about anything else.

They said to the farmers: "Come and let us have a discussion." Honourable senators, they had a discussion for a couple of days, and then the Minister of Agriculture returned to the meeting in order to sum it all up. But, honourable senators, he said nothing of any substance. Therefore, I do not intend to read "Growing Together", because all it can do for you is make you sick.

What is so sad about this particular bill, C-36, honourable senators, is that it removes what was one of the most useful programs for the enhancement of the orderly marketing of grain on the Prairies. It covered soybeans, corn, potatoes and many other things in other parts of Canada. Now that program is being withdrawn, as I said, in order to save only $27 million per year. Honourable senators, I looked into a little book that was published by the Minister of Finance, called "The Debt Problem". I think it is important to put things into perspective. On page 1 of that book, and this appears over the signature of the Minister of Finance, it says:

> In one day, the debt grows by more than $80 million, and it keeps growing hour after hour and day after day.

These are direct quotes out of this little book. When you turn over the page, you find this:

> This year, the government will spend $39 billion in interest payments. That is about $110 million a day.

Therefore, honourable sentors, this program that they are now abandoning, in order to save $27 million, represents the interest that this government pays on the national debt every six hours.

Honourable senators, I think we should at least look at the fact that this is a program that every farm organization that appeared before us in the committee said was one of the most useful programs they had ever had. This little program is equal to what this government's mismanagement of the economy and the financial affairs of this country costs us every six hours. I am not saying that all of the debt was created by this government after they took office in 1984, but the fact is that this government has borrowed as much money since they took office in 1984 as all previous governments in Canadian history have borrowed.

Senator Barootes: All of it is your debt that you accumulated; every bit of it!

Senator Olson: I keep hearing that from Senator Barootes. The government even talks about 1984, when there was a deficit of over $30 billion; I believe it was $38 billion. The people who are now sitting on the Treasury Board managed the government for over half of the fiscal year 1984-85. They came in in September and they took the rest of the fiscal year up to April 1, 1985. That is the fiscal year we are talking about, because in the year before the deficit was under $20 billion. You never hear them mention that. So it has been a sad story of financial mismanagement ever since the Conservatives took office—far worse than anything that was ever experienced in this country before.

● (1610)

There are a few other things in this little book that are interesting. For example, interest charges on the national debt since this government took office are 20 times the amount spent on all job creation and job training programs—it is no wonder they are getting excited—and 24 times what is spent on all regional development programs. One of the things we discussed about Bill C-36 with the groups that appeared before the committee was the question of why the government was taking this action: Why are they taking such a universally accepted good program and destroying it? Well, I guess they have a problem with the deficit and the interest charges on the deficit. Then you have to ask: What have they done? Why are we tolerating an interest-rate program in Canada that is 3.5 to 4 percentage points higher than the rate in the United States?

The prime rate in Canada today is about 13.5 per cent, three-and-a-half percentage points higher than the rate in the United States.

Senator Barootes: It is not quite up to 22 per cent, though.

Senator Olson: The consequence of this high interest rate is that it drives up the Canadian dollar in an artificial way. In fact, economists who have expressed themselves on this point think that the Canadian dollar should be $.75, rather than $.85 or $.86, if it were not for the distorted interest rate in Canada, which is 3.5 percentage points above the U.S. rate.

Senator Barootes: You don't remember the 18 and 22 per cents, eh?

Senator Olson: I hope that Senator Barootes will get up and make a speech on this point. The interest rates in the United States at the time of the high rates he has just mentioned were at exactly the same levels.

Senator Barootes: No, they weren't!

Senator Olson: Yes, they were. Perhaps he will bring in statistics to support his assertions.

The point is that this government has mismanaged the monetary and fiscal policies of Canada in such a way that it is driving them now to search all over for little programs like the cash advances program under Bill C-36 and wipe them out. Terrible!

Senator Bielish: It does not wipe out cash advances.

Senator Olson: So it is with sadness that I must watch this bill pass, but I guess we will have to put up with this kind of attitude toward the management of the country for the next three years or so. Frankly, I do not think that Canada can stand it, and I am sure the farmers cannot stand it. They are paying 3.5 percentage points or so more than farmers in the United States on all the money they borrow from the banks, credit unions or wherever else they get it. That hurts.

It also exacerbates the problem, because it drives up the dollar value on most things we export—wheat in particular, which is a very large item. So it is a sad day when you come to realize how little regard the government has for the welfare of those people who cannot defend themselves against this kind of problem. What can you do? I receive phone calls, as do other senators. We must say, "No, we don't think the bill is any good. It is a terrible thing, but we don't have access to any other money." What about the small storekeepers, fuel dealers and other people who expect to collect in October or November, as soon as the crop is in the bin, on bills owing and who have been shut off?

I know that Conservative members and party supporters—Senator Barootes is probably one of them—have been trying to peddle the story that the Liberal members of the Senate are holding up this bill.

Senator Nurgitz: That is what I think. I honestly think that that is right.

Senator Olson: You think so? I think it is one of the functions of the Senate to provide a platform for people to come and state their case—and by the way, we did not hear anything like all the people who wanted to appear before the committee; we are simply getting on with the matter because it is there.

As I said, it is a sad day for Canadian agriculture to realize that a government with this kind of attitude is directing policy. Like Senator Molgat, I will not stand in the way; but I am sad.

I have one more thing to say in conclusion. We have another problem, in that we have entered into the Free Trade Agreement with the United States.

Senator Barootes: Oh, that's the problem!

Senator Olson: Yes. Apparently Canada and the United States have agreed that they will reduce agricultural subsidies and will not bring in any new ones. If this program stayed on the books, there probably would not be a dispute about it; but, if we wipe it out with the passage of this bill—and that gives me great cause for concern—and then some time in a year or two wish to reinstate it because it is a good program and because the government can afford it by then, it will not be able to be brought back without being dragged before some tribunal, either of the Free Trade Agreement or of the GATT, that settles our disputes with the United States. We will find ourselves in front of a tribunal trying to reinstate a perfectly good program. That is one other reason why it is sad to pass this bill. However, I, like Senator Molgat, have been persuaded by some farmers who claim they have no other funds on which to rely and who have become used to the program over the past 30 years. I do not know whether to hold my nose or hang my head while this bill passes.

Motion agreed to and bill read third time and passed, on division.

MOTION RE MESSAGE TO HOUSE OF COMMONS ADOPTED

Hon. Gildas L. Molgat: Honourable senators, I move, seconded by the Honourable Senator Olson, P.C.:

> That the Message to be sent to the House of Commons acquainting that House that the Senate have passed the Bill C-36, An Act to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act, contain the comments appearing in the Fourth Report of the Standing Senate Committee on Agriculture and Forestry, dated 14th December, 1989.

Senator Barootes: I am not sure whether that is constitutional and conventional.

Senator Frith: We have done it before, and Senator Molgat has done it correctly.

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

Hon. Senators: Agreed.

Motion agreed to.

● (1620)

DEPARTMENT OF INDUSTRY, SCIENCE AND TECHNOLOGY BILL

THIRD READING—DEBATE ADJOURNED

On the Order:

Third reading of the Bill C-3, An Act to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act and to make consequential amendments to other Acts.—(*Honourable Senator Balfour*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Senator Balfour was intending to move third reading, but I understand someone else wishes to speak on this bill.

Hon. Royce Frith (Deputy Leader of the Opposition): If Senator Doody will move third reading, I will adjourn the debate on third reading.

Senator Doody: Honourable senators, on behalf of Senator Balfour, I move third reading of this bill.

On motion of Senator Frith, debate adjourned.

FORGIVENESS OF DEBTS (SUB-SAHARAN AFRICA) BILL

THIRD READING

Hon. C. William Doody (Deputy Leader of the Government), for Hon. Gerald R. Ottenheimer, moved third reading of Bill C-10, relating to the foregiveness of debts incurred or assumed in respect of certain official development assistance loans made by the Government of Canada to the governments of certain countries in sub-Saharan Africa.

Motion agreed to and bill read third time and passed.

ENERGY SUPPLIES EMERGENCY ACT ACCESS TO INFORMATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator Barootes, seconded by the Honourable Senator Beaudoin, for the second reading of the Bill C-4, An Act to amend the Energy Supplies Emergency Act and to amend the Access to Information Act in consequence thereof.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, this Order properly stands in my name, but I should like to adjourn the debate in the name of Senator Hays.

On motion of Senator Frith, for Senator Hays, debate adjourned.

[The Hon. the Speaker.]

● (1630)

[*Translation*]

NORDION AND THERATRONIES DIVESTITURE AUTHORIZATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Jean-Marie Poitras moved the second reading of Bill C-13, an Act to authorize the divestiture of Nordion International Inc. and Theratronics International Limited.

He said: Honourable Senators, I am very pleased and proud to take an active part in the debate on the privatization of the two Crown corporations, Nordion International Inc. and Theratronics International Limited.

In my contribution I would like my comments to be as objective as possible and I am certain honourable senators will approach the debate in the same spirit.

Because it is indeed my view that the overall privatization issue and the trend behind it reflect a new maturity of the Canadian people, a stage in its evolution, a statement of its confidence and belief in its ability and future.

Indeed, it is with pride that I support the legislation, probably as much pride as experienced by those who established these two corporations some decades ago.

This may be a paradox, but in fact we are going through two complementary stages. Nordion manufactures equipment used in medical diagnosis and gamma radiation processes, mainly for the health sector. Theratronics produces cobalt equipment used in cancer treatment. This means these two corporations are specializing in radioactive fields and products. And this is why indeed since their conception and until very recently, they have been part of Atomic Energy of Canada Limited. Looking back to the time when they were established in 1946, it will be remembered that nuclear science and its peaceful and humanitarian applications were still in infancy.

Because this is an industry that requires tremendous investments and research and development efforts, there probably was no rush to set up business in that area. However, recent developments in the science already pointed to significant future progress.

This no doubt led the Canadian government of the day to become active in that area so that Canada could take place among the leaders in that newly born but promising industry.

Today we can only rejoice in those two companies' success. Nordion and Theratronics are two Canadian crown corporations whose contribution to medical science progress is impressive and recognized around the world, as attested by their balance sheets.

Nordion now is a leader among international suppliers of industrial sterilization systems and medical diagnostic products. It has annual sales in the order of $90 million. More impressive still, 90 per cent of those are exports.

As far as Theratronics is concerned, it produces and sells two major groups of products for radiotherapy clinics: First, radio cobalt therapy equipment and computerized treatment planning equipment. It has annual sales in the order of $40

million. In its case also, 90 per cent of those are exports to the United States and abroad.

Through all those years, honourable senators, these two corporations, supported by the Canadian government, developed a scientific, technological, technical and marketing expertise that is envied throughout the world. They are at the leading edge of developments in their respective sectors. They employ highly qualified personnel in all their areas of activity. To sum it all up, they are models of achievement and excellence.

That in itself is an obvious reason to be proud. Much more important though, in my opinion, is that when we talk of privatizing these two corporations, not only do perfectly qualified Canadian companies say they are ready to take over from the government but the employees themselves of these corporations appear most interested in becoming shareholders in them.

It seems to me that the government has played its role well over all these years. It has done so well that its leadership makes it a member of a new guard of qualified scientific, professional and business people who are confident and ready to meet the challenges that will certainly come with ever-increasing international competition. The government has reached its goal, for which we can be glad. Private Canadian interests, individuals and companies, are prepared to take over; let us be proud of it.

That in itself shows that Canadian society is now confident, mature and dynamic enough and has the resources to take charge of leading sectors with no direct government involvement. Honourable senators, I believe that everyone should take note of it, be glad and make the decisions which this situation requires immediately.

We in this chamber want to be among those who allow Canadians to take advantage of their initiative together with their confidence in their abilities and their future. We need only see how Canadians welcomed the privatizations in which they were invited to take part to realize that Canada and its people have really changed.

Honourable senators, given the importance of our crown corporations in our social fabric and economic life, we must proceed with caution.

We must admit this obvious fact. Since 1984, the Canadian government has acquired considerable experience in privatization. Its attempts have been both skillful and successful. I am therefore confident that the privatization of these companies will be a success as well.

During the last five years, all or part of the government's holdings in 16 corporations have been sold to the private sector, while 8 entities have been dissolved because they were no longer needed.

These transactions resulted in a transfer to the private sector of over $3 billion in assets. That is impressive. However, despite the reservations raised in each case, not only has the situation of companies that were fully or partially privatized or whose services were privatized not deteriorated; generally speaking it has vastly improved.

Let us look at some examples. More than 130,000 Canadians across this country purchased shares in Air Canada when the initial offering of 40 per cent was made. Over 80 per cent of Air Canada employees bought shares. Canadair Limited was sold to Bombardier in December 1986. The sale has resulted in new commercial opportunities for Canadair and an improved ability to compete in foreign markets.

I could quote more examples and figures that would further support the conclusion that privatization in this form has produced good results for the government, for Canada and Canadians. However, if the results show the government acted prudently in each case, a review of the procedure and the steps followed in each case shows this is no accident.

I would like to comment briefly on this procedure. The first stage consists in an initial analysis to determine whether a company should be put up for privatization. We have to ask ourselves whether the situation and the purpose for which the company was established still justify its status as a crown corporation.

As you know, the government's authority has expanded considerably over the past few decades in most areas of public life. Consequently, the need for controlling a given company or corporation in order to achieve objectives that are in the public interest is not as pressing as it was in the past, now that the government exercises its influence more through legislation.

If the corporation is identified as a candidate for privatization, the next stage is an in-depth review. Many elements are considered: the regional and national situation and objectives, the corporation's financial situation, its competitive environment, the appropriate regulations, employee interests, and the privatization options that are best suited to its particular case.

The government then proceeds to introduce legislation authorizing it to sell the corporation and indicating the conditions of sale. I will not get into the details of a legislative process with which you are already quite familiar.

As soon as the privatization plan is approved by cabinet, the government proceeds to prepare for the sale. It is important that the corporation is well prepared for its new private sector existence, and a team of experts in the appropriate fields is asked to take over at this point.

Then, and only then comes the sale and transfer to the private sector, the details of which will differ in each case, depending on the actual status of the corporation in question. As you may have noticed, nothing is left to chance.

In the two cases that concern us today, Nordion International Inc. and Theratronics International Limited, the government got to work with the boards of these corporations more than two years ago to discuss the possibility of privatization. A year ago they became independent crown corporations, with a view to this change of status.

What motivated this decision was that their activities, objectives and philosophy made them commercially attractive corporations. They are aggressive and market-driven. They are typical of crown corporations that can be even more successful in the private sector.

Private ownership will give them increased financial, administrative and operational flexibility, and better access to capital markets and partnerships with companies in related industrial fields of activity, which could lead to new markets.

They will need this new status if they are to meet the strong competition from international markets. Their flexibility will have to be greater and their reaction time shorter if they are to remain on the leading edge of this high-technology field.

We must not wait until their status as crown corporations, with its particular demands and lack of flexibility, strangles them in the new competitive environment that is already taking shape. Our role is to ensure that they operate in an environment where they will continue to do what they have been doing so well and to accelerate the transition as much as possible.

I said earlier that 90 per cent of Nordion and Theratronics business originates from exports. Let us make it clear that these two corporations would not even exist if it were not for American and other foreign markets. They would be no more than the mere shadow of their former selves.

Let us review the important changes in the global economic environment where they will operate. We are witness to the kind of corporate concentration which entails stiff competition largely dominated by giant companies. Companies with similar operations and products merge to give rise to a synergy which promotes efficiency.

The traditional supply and demand fragmentation into national economies leaves ample room for major undertakings which transcend frontiers. Think for instance of the European Economic Community or of the various free trade zones which have come into being over the last decades. We know that Canada as a country had to do something about this global trend: we negotiated a free trade agreement with the United States, our main trading partner.

This generalized phenomenon leads to rationalizing operations and products on the world scene. Nordion and Theratronics must be given free rein to acquire the financial, administrative and commercial levers needed to maintain their leadership in this new environment.

Do not think for a moment that the future of the employees or the safety of the workers or of the public have been forgotten. On the contrary, these two major issues did draw the government's attention. First it made sure that the employees and their pension plans would be protected. Then it saw to it that the regulations required to maintain the health and safety of the workers and the public would be in force before the transfer to the private sector because we are dealing with a "nuclear technology" industry. Every precaution was taken in both instances.

First of all, the Nordion and Theratronics sales agreements will require that all people employed by these companies at the time of the sale keep their jobs under the new administration. This requirement also covers working conditions and labour contracts.

[Senator Poitras]

Employee pension benefits will be fully protected. The employees will be offered a number of options to enhance the value of their pensions. The purchaser of each corporation will have to provide a pension plan which at least meets Canadian standards in this field.

With respect to the issues of the health and safety of the employees and the public, the sale will not change anything to the regulatory environment in which Nordion and Theratronics operate. It will remain exactly as it is. The change in their status will not entail anything new in that respect.

These regulations are very complex and deal with every aspect of the operations of both companies. They are implemented by monitoring organizations such as the Atomic Energy Control Board, Transport Canada, Health and Welfare Canada and others that play complementary roles in the use, handling, transportation, sale and utilization of products with radioactive components.

Again, as you can see, nothing was left to chance.

I would now like to discuss with you the privatization process, that is how these two companies will be transferred in practice to the private sector.

As I said earlier, each company slated for privatization is dealt with according to its situation, its strengths and its best interests.

In Nordion's case, the government intends to sell it to a third party, as its financial advisers have suggested. This approach was adopted because it is likely to be the most beneficial for several reasons: stability of operations, access to new capital and new markets through the buyer, and the relationship with the buyer itself, especially if he is already operating in a related field.

As I said earlier, Nordion employees are interested in buying the company in whole or in part. The governement has offered them a 5 per cent preferential margin on the bid price if they buy all the shares or a 10 per cent discount on shares if they acquire a minority interest. It has also given the employees the money they need to hire a financial advisor who could help them assess these options.

Also in the case of Nordion, under the legislation the total proportion of shares held by non-residents would be limited to 25 per cent of total voting shares. That clause would ensure that the high technology involved would remain under Canadian ownership and control, not only now but in the future. Further, certain provisions would enable equity in that corporation to be recognized for investment purposes by certain institutions such as pension fund management companies, trust companies and insurance companies.

As far as Theratronics is concerned, this is a much smaller company with a lower commercial value than Nordion. The government review concluded this was an excellent takeover case for employees. Therefore, it puts employees in a preferred position and asks them to come up with a proposal. The government itself is even ready to help them along the way by providing them with the funds needed to hire financial consultants. To ensure that Theratronics' technology remains under

Canadian control, the other place amended the legislation to limit the total proportion of shares held by non-residents to 49 per cent of total voting shares.

Finally, honourable senators, since both companies will still be serving the interests of Canadians and are located in the National Capital area, the sales contract provides that they must serve the public in both official languages. This will enable them to maintain a tradition that is a tribute to them and to remain a model in that respect for the whole Canadian sector.

I would like to conclude on these few significant points. First, we must be proud of our society's new maturity and its confidence and faith in its ability and future. Canadian interests are ready to take over from the government; they have the financial skill, expertise and qualifications needed to maintain these two corporations on the road to success.

The sale of these two corporations will help reduce the burden on the Canadian government, whose financial flexibility is considerably reduced by our huge deficit, and it is important that it can apply its financial and human resources where they are the most needed.

Our society is changing at a fast rate. This creates new needs into which it is crucial that the government invest the highest possible amount of energy and resources, as heavily mortgaged as those may be.

Privatization, especially in the case of these two corporations, will help alleviate the government's burden. This will be accomplished while providing Nordion and Theratronics with the freedom of action needed to meet present day challenges and to maintain their superiority in terms of technological achievements and success on world markets.

We can only support such a proposal.

On motion of Senator Frith, for Senator Nieman, debate adjourned.

• (1650)

[*English*]

MUSEUMS BILL

SECOND READING

Hon. Brenda Robertson moved the second reading of Bill C-12, respecting museums.

She said: Honourable senators, museums are an indispensible part of our cultural fabric. Our museums have become cultural institutions responsible for preserving and putting on public view the artifacts that reflect our society. In so doing, museums present a way of life and communicate values that bring us closer to our past and give us a better understanding of the present.

Museums have become vehicles that ensure that references to skills, artifacts and aspects of daily life are preserved and indexed according to scientific procedures. This guarantees that our identity will be perpetuated and disseminated and that our knowledge will be maintained.

The state of development of our museums has evolved considerably in the past 20 years. It has progressed to take into account innovative techniques and materials, improvements in presentation, changes in our society, and increasingly diverse forms of expression. Their contribution to society is highly appreciated, if one goes by the number of visitors: an estimated 20 million annually. In 1967 Judy Lamarsh, then Secretary of State, introduced The National Museums Act, the purpose of which was to present the works of nature and of man, with an emphasis on Canada, but not to the exclusion of other societies. The act created the national museums of Canada with responsibility for the administration of four national museums.

The present government acknowledged that, after 22 years, the act needed revision to help us better meet contemporary challenges. In January 1986 we asked the Richard-Withrow Task Force to review the functioning of the national museums of Canada. In September 1986 the task force recommended the dissolution of the corporation and the establishment of each national museum as an autonomous crown corporation.

The Bill C-12 that we are discussing today reflects the task force recommendations, which received approval from all parties in the other place through the Standing Committee on Communications and Culture. It was drafted after wide-ranging consultation with the special interest groups and agencies concerned. This bill grants crown corporation status to the four national museums in the capital region. The bill takes into account the individual mandate of each of these institutions and the specific nature of their collections, and also increases their administrative flexibility. It gives them full responsibility with respect to cultural matters and the operating independence necessary to reach their full potential. Each organization will now be able to accomplish its particular mission more forcefully. Each museum will have a board of trustees responsible to Parliament through the Minister of Communications. The board will be reponsible for the fulfillment of the purposes of each museum and for the management of its business, activities and affairs.

This structural change is significant, because the four new crown corporations will be subject to Part X of the Financial Administration Act. Until now they were subject to the same requirements as government departments. In order to respect the principle of administrative autonomy that prevails in the case of crown corporations with a cultural mandate, the legislation establishes a special relationship between museums and the government by providing that cultural activities—including the acquisition, maintenance, conservation and use of museum material—are not subject to political interference or ministerial control or direction. Public-oriented activities and programs such as exhibitions and publications are exempt from ministerial control as well.

Each museum will be responsible for its own staff. Under Part III of the bill, and after consultation with labour unions and organizations involved, transitional provisions will ensure that staff are transferred from the jurisdiction of the Public Service Commission and the Public Service Staff Relations Act to that of the Canada Labour Code, while remaining subject to the Public Service Superannuation Act. Bill C-12 recognizes and encourages the essential role of the four new

crown cororations in cultural development. Under the new act, the museums will be encouraged to develop their travelling exhibition programs, promote artifact loans, and maintain professional service exchanges with the museum community throughout Canada. These activities will become vital components of their yearly corporate plan.

Honourable senators, our museums are the guardians of our heritage. Their mission is to establish and maintain for research and posterity collections of objects as well as to increase, internationally and throughout Canada, interest, knowledge, appreciation and respect for human cultural achievements. But it is through the dissemination of that knowledge that museums are essential tools in shaping our Canadian identity. Through their collections and knowledge they are in many respects important places of learning, and that puts them among our most valued social institutions. They have the flexibility and the potential to reach a number of publics through various modes of communication and have a beneficial impact on all age groups in our society.

By passing this legislation we are providing Canadians with a cultural instrument that is effective, better adapted to present-day reality and better suited to the fundamental role society expects museums to play. Our museums will be entering a new phase of development in which they will be able to pursue their objectives of preservation, research and education, as outlined in their specific mission, and fulfil the responsibility they have to the public. We are confident that the changes made by this legislation will enable our musuems to look with confidence to the future—confident in the knowledge that their ability to pursue their full potential has now been clearly established in law.

Turning to the actual bill, honourable senators will notice that all of the portions underlined are the accepted amendments that the minister took from the House committee. One other amendment made by the House itself appears at page 12 of the bill. Subclauses 18(1) and (2) now become 18(1), (2) and (3). The purport of the amendment—and I am paraphrasing because I do not have the bill as amended before me—is that the trustees of any of the national treasures of our museums must be Canadian citizens.

Honourable senators, there were many amendments and there was good response to the final drafting of the bill. I would urge the Senate to pass this bill as quickly as possible.

Hon. Gildas L. Molgat: Would the honourable senator permit a question?

Senator Robertson: Certainly.

Senator Molgat: Did I understand her correctly to say that our copies of the bill would indicate, through underlining, where there were amendments? Mine does not have a single black line in it.

Senator Robertson: Perhaps I can pass you my copy.

Senator Molgat: Mine is as passed by the House of Commons on December 12.

[Senator Robertson]

Senator Robertson: I have the one that we had before that. I can send you my copy, if you wish. The underlined portions are the amendments that were accepted.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I should like to congratulate the interpreter who succeeded so well in interpreting simultaneously the speech made by Senator Robertson at record speed. The senator was talking so fast that nobody could follow her even in English.

So I want to congratulate the interpreter for this amazing feat.

[*English*]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we support this bill. As Senator Robertson has pointed out, it is the result of a lot of study. I remember that in 1982 the Applebaum-Hébert Commission devoted a chapter of its report to heritage matters generally and dealt with the museum question specifically. The Neilsen Task Force on Program Review also examined the NMC. Then, of course, the key report, which was also referred to by Senator Robertson, was the study by Clément Richard and William Withrow, known as the Richard-Withrow Report. This bill is, in effect, a legislative evolution of the recommendations of that commission.

● (1700)

I suppose one can only say to the 1968 initiative that started this: "Nice try." It was an interesting thought to try to have all of the museums run by one overall corporation. However, as Senator Robertson has pointed out, and as I, too, have found, no one would disagree that it was a failure as an experiment. The Richard-Withrow Commission, for example, concluded in general that the system was too heavy; it was inefficient, costly and almost unworkable. It makes one want to say: "Apart from that, how did they like the organization?"

In any event, the commission thought that the National Museums Act of 1968 should be repealed and reworked, and that is what we have before us today.

Honourable senators, I just have three more points to make. First, I want to underline some support for some particular aspects of the bill and then I have two items of criticism. The first point, as I say, is to underline our support particularly for some amendments that responded to the concerns of some of the witnesses who appeared before the legislative committee on the other side. One was the reflection of Canada's aboriginal and multicultural heritage in the bill's declaration statement. There is also the strengthening of the research and educational functions in each of the mandates of the federal museums, and provisions for the protection and preservation of typed specimens.

There are only two criticisms of this bill in my briefing. The first is that the museum director appointments require cabinet approval. As opposed to that, Mr. Nielsen proposed that where an association or an institution, a crown corporation or other federal institution is run by a board, and the intention is to have them as much as possible at arm's length, the chairman

should be picked not by Order in Council but by the board. That proposition, I think, was put forward and the government considered it but decided not to accept it as a recommendation from the Nielsen study team in this case.

The other negative aspect in my briefing has to do with Canadian citizenship. I am a little embarrassed to say that I am advancing this point, because I do not, personally, really agree with it. It is a debatable point. However, the bill does fail to require that those appointed as members of each of the museums' boards of trustees be Canadian citizens and ordinarily resident in Canada. I have no difficulty with the "ordinarily resident in Canada"; I think it is perfectly reasonable that they should ordinarily be resident in Canada. However, I understand that the bill was criticized for not insisting on the Canadian citizenship. In matters particularly of art—and perhaps of science also, but let us speak now only of art—and in museums and that category of institutions, my own personal view is that we should always look for the best. It is not always so, although I am sure it is usually so, that the best is a Canadian citizen. However, if the best is not a Canadian citizen, let us have best anyway, as far as I am concerned.

However, I do mention those as being the only two criticisms that my research turned up.

Honourable senators, as I said, we support this bill. I spoke to Senator Robertson about it and we agree that, after receiving second reading, this bill should be referred to the Standing Senate Committee on Social Affairs, Science and Technology. Senator Robertson tells me that she and Senator Marsden have already been working on a plan to hold a meeting next week in order to deal with this bill.

Senator Robertson: Honourable senators—

The Hon. the Speaker: I draw the attention of honourable senators to the fact that, if the Honourable Senator Robertson speaks now, her speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Robertson: Honourable senators, I thank Senator Frith very much. I appreciate the concerns expressed by him. Certainly, those concerns were debated in the other place and in committee. As he has noted, they are still of concern to some people.

Honourable senators, I have nothing further to say about the bill at this particular time except that we hope to be able to have a brief meeting in committee on this matter and return it to the Senate before we rise for the holiday. Without further ado, I move that Bill C-12 be read the second time.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Robertson, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

STANDING RULES AND ORDERS

CONSIDERATION OF SECOND REPORT OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Corbin, for the adoption of the Second Report of the Standing Committee on Standing Rules and Orders (Standing Committee on Aboriginal Peoples), presented in the Senate on 12th December, 1989.—(*Honourable Senator Watt*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, Senator Watt left me a note to say that he would not be ready to speak on this bill until Tuesday. In the meantime, he would be happy to have anyone else who wished to speak proceed in his place. I believe Senator Lucier and perhaps some others of our colleagues would like to speak to this bill.

Hon. Paul Lucier: Honourable senators, I rise to give my full support to this motion for the formation of a Standing Senate Committeee on Aboriginal Peoples. I should like to congratulate Senators Marchand, Adams, Fairbairn and Molgat, and all of the others who have worked so hard to bring this matter forward. In my opinion, it is a good move and is long overdue. It is something that we need and I am sure we will be gratified in the future that we have done so.

Honourable senators, in my opinion, this committee will provide a forum not only for Aboriginal Peoples, which is certainly required, but also for all other Canadians who have an interest in arriving at some fair solution to the problems we have been facing for some time now in dealing with Aboriginal Peoples. The Aboriginal Peoples in Canada have been neglected and mistreated for many years. That is not much of a secret. With all due respect, I have a problem believing that we needed Max Yalden to tell Senator Adams and Senator Marchand, or anyone else, that the situation faced by the native peoples in Canada is a national tragedy. I think we have known that for some time. In fact, Senator Marchand and Senator Adams, among others, have seen this firsthand and have, in fact, lived it. So it is not much of a secret that we in Canada have certainly not done a great job of dealing with Aboriginal Peoples in the past. That is why I think we must make some changes.

Honourable senators, those changes need to be made not just for the sake of the Aboriginal Peoples but for the sake of all of us. I do not believe that we Canadians can continue to go round the world pretending that we are great humanitarians and yet continue to treat our Aboriginal Peoples in the way we do. Surely, Canadians are above that.

In any event, this committee will help to bring these deficiencies to our attention and to the attention of the Aboriginal Peoples themselves, and in that respect it will serve a useful purpose. There are many land-claims negotiations going on and they will continue to be dealt with. We have promising agreements in principle being signed right now, and that is

encouraging. So, although this committee will not solve all the problems, it will provide a forum to deal with land claims and with other problems of the Aboriginal Peoples. The inquiries on various issues involving Aboriginal Peoples over recent years have only touched the surface. I do not know what form they will take, but there will be more inquiries in the years ahead. Eventually, the way in which we have dealt with our Aboriginal Peoples will be revealed; I do not think that we can be very proud of our record thus far.

• (1710)

The formation of this committee is very timely. As I said, it will provide a forum not only for Aboriginal Peoples but for northerners in general in which to express their views. I am sure that people of the North will soon come to see this committee as their committee. In that respect, we in the Senate should be very pleased that we are making this effort.

In closing, I take this opportunity to thank sincerely my colleagues from both sides of this house for their support over the years in matters concerning northern peoples. In the past our committees have shown that senators are prepared to take the time and the effort to hear the concerns of northerners directly from them. These efforts have not gone unnoticed. It has been important to the people of the North that Senate committees have been prepared to travel up to see them. I have travelled on such committees with Senator Bielish, Senator Marshall, Senator Macquarrie and others from that side of the chamber, as well as with my colleagues on this side, and all of them have shown genuine concern and that they really care. It has been appreciated. We in the North do not have many opportunities to state our views. Given what has happened in the past and given now the establishment of this committee, we in the Senate can be very proud. Once again, I thank you for your past efforts and I look forward to your cooperation in the future.

Hon. Willie Adams: Honourable senators, I wish to congratulate the previous speakers who spoke in support of the Standing Committee on Aboriginal Peoples. Senator Lucier, who has spent most of his life in the Yukon, knows a great deal about Aboriginal Peoples. I want to congratulate Senator Marchand for the speech he made yesterday, and I am sure that he is very optimistic about the future of this committee. Senator Fairbairn and Senator Spivak were very supportive in their comments. Senator Molgat deserves special mention both for his private support and for his support as chairman of the Rules and Orders Committee. I was a little concerned when Senator Phillips and Senator Flynn on the government side raised the problem of manpower for the committee, but I am glad that in the end they accepted it.

I have been a senator for 12 years, and I can say that we have some very understanding people in this chamber. Many senators have been on the Hill longer than many of the MPs in the other place and I hope that they will be here in future years—so long as we have a Senate and it is not abolished by the Meech Lake Accord—to provide that continuity.

We see more and more in the media about the problems of Aboriginal Peoples. We have lived in Canada for over 3,000 years, and most of those years we have lived off the land. Aboriginal people today are beginning to realize that things are changing. With new technologies and the development of communities in the North, more and more of our Aboriginal Peoples are leaving the land. It is also true that many people from the South who come to work in the North no longer want to return to the South, perhaps because of overpopulation. They no longer want to live in big cities like Montreal and Toronto because they enjoy their peaceful lives further north. Many of these people come north with government jobs. More than 30 per cent of the people in the North are from the South.

One of the major concerns of the Aboriginal Peoples is self-government. As I said a moment ago, communities in the North are changing. For example, more and more we are being influenced by enviromental issues and by such groups as Greenpeace. No longer do we hunt for seal or fox, because there is nowhere to sell the skins. We are concerned about our young people coming out of our schools and whether they can get jobs. Yesterday Senator Marchand referred to the increasing suicide rate in the northern communities. Before the government took over our schools in the 1950s, there was no problem with suicides.

Senator Lucier referred to land claims. He said that many of the people involved with land-claims issues are very understanding; however, they sometimes make mistakes. It is not until four, five or ten years later that we begin to understand the effects of the legislation that is passed by the House of Commons and the Senate.

These are only some of the concerns of the people of the North. Now we have a committee that can study our concerns and I am convinced that it will get to do some good work.

• (1720)

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I shall be brief.

Of course I endorse this initiative. I believe this is truly a momentous occasion. We are truly privileged to support this proposal to appoint a Standing Senate Committee on Aboriginal Peoples.

I would like to say, first of all, that although understandably the emphasis has been put on the problems of the Aboriginal Peoples in the Canadian west and north, we should not forget that in addition to important cases that have been heard and that are still before courts and commissions of inquiry in certain provinces in eastern Canada, there is also what happens in the daily lives of Aboriginal Peoples in large urban centres in the east, in villages and small reserves of New Brunswick, Nova Scotia and Prince Edward Island, where life is not much happier or more satisfying than it is for the larger Aboriginal populations in the west and the north.

What has always shocked me as a Canadian is that as an individual, the Indian or Inuit has from the outset fewer opportunities in this country than Canadians in general, whether they have been here for generations or whether they

came here a hundred years or 20 or 30 years ago or only quite recently. The Indian and the Inuit, but especially the Indian, has always been misunderstood and the butt of ignorance and prejudice.

It is still difficult for Indians, especially young Indians in New Brunswick, to find jobs in local businesses off the reserve. People are still reluctant to take this risk, for reasons which to me are incomprehensible. There are prejudices at work in the hearts and minds of men and women who refuse to acknowledge that Aboriginal Peoples have the same fundamental rights as other Canadians. This has always bothered me and it still does, because this is a situation that still prevails in many communities, in New Brunswick and elsewhere in Canada.

I hope the committee will not concentrate on the major sectoral problems to the exclusion of everything else. I hope it will consider as well the problem of inferior housing, the social problems of Indians living in large urban centres who are unemployed and live a substandard life, for all kinds of reasons. I hope the committee will also consider personal problems, even in the smallest Indian communities in Canada.

Problems vary across the country. The situation depends on the community environment, the environment as such and also in many cases on unfortunate historic legacies.

Although I am aware of the urgency and the priority status of the major problems, I believe the committee should, from time to time, listen to individuals who do not necessarily have a major case to make but who deserve to be heard; the committee could consider their particular problems.

I believe this is a historic moment in that the appointment of this committee does not seem to have met with major objections from any sides of this chamber.

I think this is very important and that it augurs well for the future of the committee. I am not saying that some senators are less enthusiastic than others about the committee, but the important thing is that we are able to do this in a true humamitarian spirit, without partisan consideration or dissent, because we all realize that the status of Aboriginal Peoples deserves special consideration, on an on-going basis, by a committee of this house.

The Canadian Senate may be proud. I believe the committee will enhance the reputation of the Senate and the Parliament of Canada by the quality of its work and its reports. I wish the committee good luck, and it can count on my support. Thank you, honourable senators.

On motion of Senator Frith, for Senator Watt, debate adjourned.

The Senate adjourned until tomorrow at 10 a.m.

APPENDIX "A"

(*See p. 847*)

APPENDICES TO SECOND REPORT OF STANDING SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD ENDING DECEMBER 20TH, 1989

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Thursday, November 9, 1989:

"The Honourable Senator Fairbairn for the Honourable Senator Barootes moved, seconded by the Honourable Senator Petten :

That the Standing Senate Committee on Agriculture and Forestry be authorized to undertake an urgent study, up-dating its special study on Farm Finance of 1987-88, to consider the degree to which existing government policy and programs are responding to the continuing difficulties of Canadian farmers; and

That the Committee present its report to the Senate no later than December 20th, 1989.

The question being put on the motion, it was--
Resolved in the affirmative."

GORDON L. BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services (including salaries)	**$ 2,500.00**
Transportation and Communications	**1,000.00**
All Other Expenditures	**1,500.00**
TOTAL	**$5,000.00**

The budget was approved by the Committee on the 23rd day of November, 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

E.W. Barootes

Chairman, Standing Senate Committee
on Agriculture and Forestry

Date: November 28 , 1989

Approved by:

Roméo LeBlanc

Chairman, Standing Committee on Internal
Economy, Budgets and Administration

Date: December 14, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services *(including salaries)*

1.	Editor (for revision and editing of the English and French text of reports) (Selection to follow) 50 hours @ $50	$2,500.00

Transportation and Communications

1.	Telecommunications	$500.00	
2.	Postage and Freight	500.00	1,000.00

All Other Expenditures

1.	Purchase of stationery, book and periodicals	500.00	
2.	Contingencies	1,000.00	1,500.00
	TOTAL		$5,000.00

APPENDIX (B) TO THE REPORT

THURSDAY, December 14, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Agriculture and Forestry for the proposed expenditures of the said Committee with respect to its study, up-dating its special study on Farm Finance of 1987-88, to consider the degree to which existing government policy and programs are responding to the continuing difficulties of Canadian farmers, as authorized by the Senate on Thursday, November 9, 1989. The said budget is as follows:

Professional and Other Services *(including salaries)*	$ 2,500.00
Transportation and Communications	1,000.00
All Other Expenditures	1,500.00
TOTAL	$5,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX "B"

(*See p. 849*)

ADVANCE PAYMENTS FOR CROPS ACT
PRAIRIE GRAIN ADVANCE PAYMENTS ACT

REPORT OF STANDING SENATE COMMITTEE ON
AGRICULTURE AND FORESTRY ON BILL C-36

THURSDAY, December 14, 1989

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

FOURTH REPORT

Your Committee, to which was referred Bill C-36, An Act to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act, has, in obedience to the Order of Reference of Wednesday, November 29, 1989, examined the said Bill and now reports the same without amendment, but with the following comments:

Although the Committee is reporting this bill without amendment, a majority of the Committee members has several criticisms that it wishes to make. The Committee is reporting without amendment not necessarily because it fully supports all aspects of the bill, but because many of the witnesses making presentations urged speedy passage. Many witnesses did not support the removal of the interest-free provision but noted the need of farmers for cash advances, even with an interest cost, to ease severe cash-flow problems. This cash-flow crisis, being experienced by many Canadian agricultural producers, would have been alleviated had the programs under the current statutes received funding while Bill C-36 was being debated.

Many producers had established their management plan for the crop year prior to the announcement in the April 1989 Budget. This planning anticipated the availability of the Advance Payments for Crops and the Prairie Grain Advance Payments programs in an unchanged form. Farmers are encouraged to make forward plans as good managers but in this situation they were thwarted. A Calgary Herald newspaper article of 2 December 1989 quotes the Grains and Oilseeds Minister as saying that, in retrospect, producers should have been allowed to borrow federally guaranteed money against their undelivered crops while program changes were being debated.

Several witnesses also expressed the sentiment that, without the interest-free provision, the programs are virtually useless.

Concern was expressed about the effects of the bill on the orderly marketing of commodities and commodity prices. Most witnesses suggested that these programs facilitate the orderly marketing of commodities throughout the year, thereby avoiding a flooding of the market at harvest time. Producers, with cash advances, could afford to store their commodity until there was demand for it or until prices improved. In the absence of the interest-free provision, it was argued that producers will not use the programs, and may be forced to sell their product, en masse, at harvest time in order to gain needed cash. This may in turn prompt a price decline. As well, problems may be created for users of these products who are faced with significant domestic supply at harvest time, but who must import at other times of the year.

A majority of the Committee members shares the concerns of witnesses as to:

1. Why the current programs could not have been funded while Bill C-36 was being debated and notes that this situation has led to severe cash-flow problems for many agricultural producers;

2. The degree to which the revised program would be useful if Bill C-36 becomes law; and

3. The effects on commodity prices and orderly marketing systems for commodities.

Respectfully submitted,

E.W. BAROOTES
Chairman

THE SENATE

Friday, December 15, 1989

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

GOVERNMENT SERVICES RESUMPTION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-49, to provide for the resumption of certain government services.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Orville H. Phillips Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bill be read the second time now.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, we are dealing with Bill C-49. The Leader of the Government and I have had discussions about how we would treat this bill and how we would treat a bill which I propose to introduce relating to the Unemployment Insurance Act. I rise at this point not to withhold leave but to make it clear that the granting of leave for this bill leads to certain other consequences, which I shall explain.

If I may explain, I propose to introduce a bill relating to the Unemployment Insurance Act, and I seek leave, as the government is seeking leave, to advance the bill to second reading with the understanding that the debate on second reading will commence later today. Of course, honourable senators, it is understood that once those items are in place, Bill C-49 will proceed into Committee of the Whole and be disposed of. I will then begin a statement on the second reading of the bill which I will introduce, but it need not be disposed of today; we can do it next week.

I wanted to make clear what I understand so that we shall all be working with full knowledge of where we are going.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, we will ask to have Bill C-49 proceed to second reading, not now but later this day, it being understood that that will give the Leader of the Opposition an opportunity to introduce his bill and to seek, and I trust receive, leave to proceed to the second reading debate also later this day, but after we have given Bill C-49 second reading.

Senator Phillips: Honourable senators, then I amend my motion to "later this day."

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

Hon. Senators: Agreed.

On motion of Senator Phillips, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—FIRST READING

Hon. Allan J. MacEachen (Leader of the Opposition) presented Bill S-12, to amend the Unemployment Insurance Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator MacEachen: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that the bill be placed on the Orders of the Day for second reading later this day.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I waive any objection to granting leave to proceed to second reading debate on this bill later today. I do so because I look forward with much interest to hearing the arguments of the Honourable the Leader of the Opposition, not so much on the substance of the bill as on the constitutionality and procedural regularity of it. It is obvious from a quick glance that it is essentially a money bill and should not therefore be introduced in the Senate. He is proposing a way of getting around that rule. I presume he has arguments and precedents at the ready, and we certainly look forward to hearing him in the course of his speech on second reading.

In the course of our reply, we will want to comment on his arguments and precedents. There is also the problem—if it does not arise here, it will certainly arise in the other place—that the House of Commons has already voted in the course of this session on a bill on this same matter. The question will arise as to whether, procedurally, it can deal with another bill on the same matter.

Senator Frith: That was not a bill but an opposition motion.

Senator Murray: They have also passed Bill C-21—

Senator Frith: I see.

Senator Murray: —which we have given second reading and sent to committee. These matters will no doubt be argued. Assuming that this bill is passed by the Senate, the ultimate decision on constitutionality and receivability of the initiative

will, of course, rest with the House of Commons. Howevever, as I have said, I have no objection to the bill's proceeding to debate on second reading. We look forward with the greatest interest to the arguments to be advanced by the Honourable the Leader of the Opposition, not only as to its substance but as to its constitutionality and its procedural regularity.

Motion agreed to.

BUSINESS OF THE SENATE

On Notices of Motions:

Hon. Royce Frith (Deputy Leader of the Opposition): Senator Phillips, do you intend to introduce the motion on Bill C-49?

Hon. Orville H. Phillips: I shall put the motion after the bill has been given second reading.

Senator Frith: We have an agreement on how to deal with Bill C-49 after second reading. That agreement includes the understandings that we would deal with Bill C-49 in Committee of the Whole and that we would allow the installation of cameras. I am glad to have the opportunity to explain to you what they are doing. That is the reason they are there.

Senator Phillips is indicating that he can move his motion after the bill has received second reading, but I am saying that we are quite agreeable to having that motion dealt with now to save having to revert to Notices of Motions.

Senator Phillips: Honourable senators, that is satisfactory. I am happy to put the motion.

GOVERNMENT SERVICES RESUMPTION BILL

MOTION ON REFERRAL TO COMMITTEE OF THE WHOLE, SEATING OF WITNESSES AND RECORDING OF PROCEEDINGS BY TELEVISION AND STILL PHOTOGRAPHY POOLS ADOPTED

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 45(1)(*i*), moved:

> That after its second reading, Bill C-49, An Act to provide for the resumption of certain government services, be referred to a Committee of the Whole;
>
> That any witnesses called before the Committee shall be permitted to sit on the floor of the Chamber at a special table provided for that purpose;
>
> That television and still photography pools be permitted into the Chamber to record the proceedings of the Committee; and
>
> That the proceedings be televised pursuant to the principles and practices governing the broadcasting of the proceedings of the House of Commons where applicable.

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

Hon. Senators: Agreed.

Motion agreed to.

[Senator Murray.]

QUESTION PERIOD

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Orville H. Phillips: Honourable senators, I have delayed answers to three questions. I would ask that the answers be printed as part of today's proceedings.

WEST GERMANY AND EAST GERMANY

STATEMENT BY CHANCELLOR OF WEST GERMANY ON REUNIFICATION—ITEM FOR DISCUSSION BETWEEN PRIME MINISTER MULRONEY AND PRESIDENT GORBACHEV AT RECENT MOSCOW MEETING—EXISTENCE OF TAX TREATIES

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 29 last by the Honourable Senator Grafstein respecting West Germany and East Germany—Statement by Chancellor of West Germany on Reunification—Item for Discussion between Prime Minister Mulroney and President Gorbachev at Recent Moscow Meeting—Existence of Tax Treaties.

(*The answer follows:*)

> There are currently three treaties in force between Canada and the German Democratic Republic, and twenty in force between Canada and the Federal Republic of Germany, one of which is the Agreement between Canada and the Federal Republic of Germany for the Avoidance of Double Taxation With Respect to Taxes on Income and Certain Other Taxes which was signed on July 17, 1981 and entered into force on September 23, 1983.
>
> Canada is not party to any agreements placing it under legal obligations relating to the reunification of the two Germanies or Berlin.
>
> The effect of reunification, should this occur, on Canada's treaty obligations toward the two Germanies would depend on the nature of the new constitutional arrangements worked out between them. It would also depend on the wishes expressed by any new German government. Should reunification take place, a review of our existing treaties with both the German Democratic Republic and the Federal Republic of Germany would be undertaken in light of these considerations.
>
> The Prime Minister's discussions with President Gorbachev addressed a series of issues related to East-West relations that continue to form part of the ongoing considerations by all NATO and Warsaw Pact countries.

THE CONSTITUTION

MEECH LAKE ACCORD—FEDERAL-PROVINCIAL RELATIONS MINISTER'S AGENDA FOR MEETINGS WITH PROVINCIAL PREMIERS

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer in response to questions asked in the Senate on

November 29 and December 13 last by the Honourable Senators Fairbairn and Molgat, respectively, regarding The Constitution—Meech Lake Accord—Federal-Provincial Relations Minister's Agenda for Meetings with Provincial Premiers.

(*The answer follows:*)

The Minister of Federal-Provincial Relations will be meeting with the Premier of Alberta this coming Monday, December 18th at 4:30 p.m.

GOVERNMENT SERVICES RESUMPTION BILL

SECOND READING

Hon. Orville H. Phillips moved the second reading of Bill C-49, to provide for the resumption of certain government services.

He said: Honourable senators, I approach Bill C-49 with a sort of déja vu attitude. Most honourable senators will recall participating in the consideration of previous legislation of a back-to-work nature involving the Port of Vancouver, railways and, in some cases, airlines.

Honourable senators are aware that the ships' crews group, perhaps better known as the Coast Guard, went on strike on November 11. The hospital services group followed and went on strike on November 30.

The government had previously offered most groups in the public service an increase of approximately 4.2 per cent per annum. The ships' crews, after three weeks of negotiations, were demanding wage increases of more than 17 per cent in each year of a three-year contract. The hospital services group were demanding a 49 per cent increase over 36 months. The government views both demands as excessive, especially in view of the settlements with other sectors of the public service.

• (1010)

The effects of the strike have been felt in various parts of the country. The St. Lawrence Seaway, one of the foremost inland waterways in the world, is a major means of transportation for Canada's export products, especially grain. The provision of essential services such as aids to navigation and icebreaking is key to the safety and effectiveness of this ocean link to central Canada. The Seaway, unfortunately, has a habit of freezing in the winter and is now reduced to one-way traffic only. The announced clearance date of December 19 may not be achievable. It is critical that the Coast Guard services be restored as soon as possible and that all vessels be cleared from the Seaway in an orderly fashion. Many of the vessels face long delays if icebreaking service is not provided.

The Port of Montreal is particularly hard hit. The loss in revenue in that port amounts to $1.2 million per day. The Canadian Wheat Board estimates that one million tonnes of export grains must be shipped from the St. Lawrence ports from December 7 to the end of January 1990.

The petroleum industry is also adversely affected. The Lévis Ultramar refinery requires a shipment of unprocessed petroleum every five days. Each shipment is valued at $11 million. The major portion of the refinery's products are shipped to terminals in Quebec and Atlantic Canada.

Ports in northeastern New Brunswick are also affected by the lack of icebreaking service. The Port of Dalhousie moved 856,000 tonnes of commodities in 1988. Miramichi and Chatham moved 240,000 tonnes in the same year. Sixty-four per cent of those products were for the export markets. They had a total value of $121 million.

For my own province of Prince Edward Island, icebreaking service is very important. Between now and the end of December five tankers are scheduled to enter the Port of Charlottetown with fuel for the winter. As the ice becomes thicker during the winter, it is difficult to bring in the icebreakers and the tankers. So it is urgent that this fuel reach Charlottetown.

The Port of Summerside presently has requests for the berthing of ten vessels to load seed potatoes for export. These potatoes are shipped to Florida, Argentina and the Philippines. We have already lost two shipments from that port. This is a serious matter, because we face heavy competition in the export market, and when you fail to deliver a shipment it takes a considerable amount of time to get that market back. Yesterday I received a fax from Mayor Stewart of Summerside requesting speedy passage of this bill.

The hospital services group strike has had an effect on the care of Canadian veterans. Perhaps I could illustrate this by referring to the hospital at Saint-Anne-de-Bellevue. They have 614 employees. Treasury Board designated 90 per cent of them as essential. The union permitted 45 employees to be designated as essential, or 8 per cent of the staff.

The hospital has 726 patients. Four hundred of these patients are in wheelchairs and 250 are permanently bedridden. The patients need help in bathing, shaving and at mealtimes. It has been necessary to close the physiotherapy department. In many cases it will be impossible to regenerate muscles and joint movement as a result of the interruption of physiotherapy. This will cause obvious deterioration in patients' conditions. Changes in mealtimes, changes in the routine of administering medication, and even changes in the personnel attending these patients produce extra stress, and in many cases this is reaching a critical level in the patients' care.

Many volunteers have attempted to assist in caring for the patients. However, the level of volunteer service has declined because the union members are intimidating the volunteer workers. I feel, honourable senators, that only a beanhead would order the intimidation of volunteer workers caring for Canadian veterans. Employees of the DVA headquarters in Charlottetown have volunteered to assist in the care of the veterans. They work 12-hour shifts for two weeks before returning to their homes, and I think they deserve great credit for volunteering. Veterans' homes, such as the Rideau Home in Ottawa and the Saskatoon Veterans' Home, are also affected.

I find it rather disgusting, honourable senators, that Canadian veterans who have served their country in time of war are now held hostage during a strike.

All honourable senators respect the right to strike. The ships' crews have had that right for five weeks. The hospital services group have had that right for two weeks. The government must now consider the rights of the remaining 26 million Canadians who pay for the essential services provided by these two groups. It is time to end the strike action, even if honourable senators regret the necessity of ending the strike. Economic and safety reasons required the government to introduce back-to-work legislation. Efforts to find a solution were at a standstill.

Briefly, Bill C-49 requires the President of the Treasury Board to establish two conciliation boards to resolve the dispute. One board will resolve the labour dispute involving the hospital services workers; the other will deal with the ships' crews. Each of the parties will nominate a member to the board. The bill names the chairman of each board. The board has 90 days in which to resolve outstanding issues. Should the board fail to resolve those issues, binding arbitration will come into effect; the government, through this means, is making a serious attempt to obtain a fair solution to the matters at issue.

The bill also contains clauses stating that the collective agreements will be deemed to be in effect, and it provides penalties for both sides if the act is contravened.

It has been indicated to the Senate that we shall be proceeding to Committee of the Whole later this day. The President of the Treasury Board will be available later today to answer any questions honourable senators may have.

In conclusion, honourable senators, I ask for speedy passage of this bill.

● (1020)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I find the use of the term "déjà vu" apt here, because we so often end up where we are this morning. I have stood in exactly the place in which Senator Phillips stands today and have had to do what he has just now had to do. I wish there were a better way to solve these problems.

We always state that we agree with and support the principle of the right to strike. Senator Phillips feels that some veterans who fought for their country are now feeling the pinch as a result of this strike, but I assume that one of the very things they fought for was the right to strike. These are the sorts of contradictions we have to face, and I say "contradictions" because we always dance the same minuet.

We know that a strike causes problems—the point of a strike is to cause problems. A strike is called when negotiations fail, when two parties find themselves unable to agree and both of them have some leverage to which they can resort. An employer, of course, can shut down or lock out his employees. The workers' only resort is to strike. At that point we all exclaim: "Quite right, you have that right and good for you for exercising it!"

We support the right to strike and we support the right to bargain collectively. If you support the right to bargain collectively, you have to accept the right to strike, because it is a consequence of that right when the bargaining breaks down. So, for the first while, when nothing "pinches" and nobody is made uncomfortable, we relax and occasionally make speeches in favour of the exercising of the right to strike. But then, as we know, economic and social consequences result, because that is what a strike produces. Everyone knows that that is going to happen at the time the right to strike is exercised.

The next phase produces unpleasant consequences for certain interest groups—and I do not use that term pejoratively—and they find themselves uncomfortable. They start lobbying members of Parliament, including senators, and pointing out that they have interests here and that the matter is serious. Of course, they always quote dollars—"It is going to cost the country millions of dollars!"—and all of the things that Senator Phillips has recited, just as I did when standing in the place he now occupies representing the government.

Senator Asselin: Yes, I remember!

Senator Frith: I knew Senator Asselin would remember, so I thought I would refer to it now rather than later.

It is so frustrating. I find it frustrating because it is difficult to know what to say to the unions. No one is seriously going to suggest that the unions do not have a valid complaint. No one can quarrel with the fact that the results of the strike are as outlined by Senator Phillips. We in Parliament are put in the position of solving the problems of the "pinchees", I suppose, the people who find that things are pinching, and we have to solve their problems, but we do not have to solve the union problems because we say "Go back to work!"

As we know from the bill and its schedule, the hospital services workers have been without a collective agreement for almost a year—that is, since December 21, 1987; and ships' crews, since December 31, 1987, for the supervisory group and December 31, 1987, for the nonsupervisory group. So it is for two years that these people have been without a collective agreement.

We recognize that very few workers like to strike. It is not desirable conduct for them from any point of view. From their own point of view they have to explain to their wives, husbands or families why they are getting less money; why they are "out" and are not able to bring home the usual pay cheque to pay the usual bills. So when we speak of "feeling the pinch," let us not forget that the workers and their families feel the pinch from a strike. It is not just those who suffer from economic consequences who feel that pinch.

In this case I do have one basis for faulting the government. The minister perhaps will explain this to us. As I understand it, it was an oversight not to designate these workers as essential services, but we will hear from the minister whether that was right and that the government tried to correct the matter after the fact. If such a designation had taken place, as I understand it, we would not be here today having to deal with this back-to-work legislation, because other provisions requiring compulsory arbitration would have been triggered.

Honourable senators, I am not going to say anything more and I will tell you why. I am sure you will be glad to know that I am not going to say anything more, whether or not I give you

the reason! The reason I am not is that I have met with four of the witnesses we shall be hearing: Mr. Bean, the president of the Public Service Alliance of Canada; Mr. Cox, the president of the Union of Canadian Transport Employees; Mr. Côté, a member of the negotiating team for the ships' crews; and Madame Charron, a member of the negotiating team for the hospital workers. I know we are going to give them a sympathetic hearing, and many of the things I would want to say they will say from a much more meaningful point of view than I can. They will also say it more articulately and more eloquently than I.

Honourable senators, in order to hear them in Committee of the Whole, I recommend that we give the bill second reading now and move into Committee of the Whole in accordance with the motion adopted.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

The Hon. the Speaker: Honourble senators, when shall this bill be read the third time?

Hon. Orville H. Phillips: Honourable senators, I move that the bill be referred to a Committee of the Whole and that the Senate do now resolve itself into a Committee of the Whole to hear from the witnesses.

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

Hon. Senators: Agreed.

Motion agreed to.

• (1030)

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Gildas L. Molgat in the Chair.

The Chairman: Honourable senators, the Senate is now in Committee of the Whole on Bill C-49, to provide for the resumption of certain government services.

We have certain witnesses who have agreed to appear before us. Are honourable senators prepared to hear those witnesses now?

Hon. Senators: Agreed.

The Chairman: I understand that the first witness is Mr. Daryl T. Bean.

Pursuant to Order adopted earlier this day, Mr. Daryl T. Bean and Mr. Steve Jelly were escorted to seats in the Senate chamber.

The Chairman: Honourable senators, we have before us Mr. Daryl T. Bean, National President of the Public Service Alliance of Canada, accompanied by Mr. Steve Jelly, Assistant to the Public Service Alliance of Canada Executive Committee.

May I say, Mr. Bean and Mr. Jelly, how pleased we are to have you appear before us on this bill at such short notice.

I presume that you have an opening statement and after that you will be available for questioning; is that correct?

Mr. Daryl T. Bean, National President, Public Service Alliance of Canada: That is correct, Mr. Chairman.

The Chairman: Will you both be making opening addresses or only you, Mr. Bean?

Mr. Bean: Just myself.

The Chairman: Very well. If you are ready to proceed, we will be pleased to listen to you.

Mr. Bean: Thank you very much, Mr. Chairman.

On behalf of the Public Service Alliance of Canada, ships' crews and hospital services members of the union, I want to thank the Senate for allowing us to appear before you.

First and foremost, I would respectfully request you to reject Bill C-49 because there is no justification for it. This dispute is about equality and justice involving two groups that are the lowest paid workers in the Public Service: the hospital services group, who make an average of $18,000 in this day and age; and the ships' crews group, who make an average of $21,000 in this day and age. I will elaborate later on the contents and concerns in the dispute.

While this government has talked about safety and security—and I heard it again this morning when I sat in the gallery—it has not demonstrated one instance involving safety and security. We—and by "we" I mean the Public Service Alliance of Canada and the members of the ships' crews—have provided essential services and have responded to every emergency.

We have responded to those emergencies in a timely manner. In fact, the truth of the matter is that more vessels have been available and used for search and rescue than would otherwise be available if there was not a strike, because normally these vessels would be involved in other work and not in search and rescue.

It is interesting to note that to provide these safety and security measures the PSAC, the union, has assumed the expenses and related costs to fly ships' crew members back from Baltimore and Bermuda, because, when they went on strike, the government, the employer, Treasury Board, refused to do so. We have also lodged these workers in hotels away from their homes and families at home ports. Again, the PSAC has paid the expenses to maintain these people so that they are able to provide emergency services on a moment's notice. I emphasize the fact that the union has paid that money and has made these people available without any cooperation from the employer.

It has been clearly demonstrated and reported that the ships' crews workers have reported on numerous occasions to work, despite the fact that they were on a legal strike, to respond to emergencies. In fact, it has been clearly reported by

the media that not only have they responded to emergencies but they have also risked their own lives to respond during one of the worst storms in the Atlantic region.

In the case of hospital services, again, we proposed to maintain the availability of workers should emergencies arise. To date the departments concerned have rejected our offer. They wanted to have 90 per cent to maintain normal services. We know that when you are in a strike situation you do not maintain normal services. But we were prepared—and are still prepared to this day—to maintain emergency services.

If I get emotional or a bit upset here, it is because I do not like the veterans being used as pawns in this game, because the veterans—if you have been watching the media—have also been supportive of the strikers. The night before last I was watching television. One of them said, "If it was not so cold, I would be out in my wheelchair on the picket line with them." So do not let the government blame the veterans of this country, whom we all respect. Do not drag them into this; they do not deserve to be dragged into it.

I want to assure you, then, that we will provide, as we have, at a cost if necessary to the union, emergency services. It only needs to be requested.

● (1040)

The government claims that the requirement to legislate workers back has nothing to do with safety and security but, as one of the previous speakers said, it is an economic matter. Strikes are usually economic matters. It is true that there are a number of ships in the St. Lawrence Seaway system, but I must emphasize that they willingly and knowingly went into the Seaway system after December 1, when they knew a strike was on and when they were told, as they are every year: "If you enter the Seaway system after December 1, you are entering at your own risk." So do not blame the strikers because you have ships caught in the Seaway. It was their choice to go into the Seaway. It is also true that due to weather conditions this year, the Seaway will close earlier than in the past few years. Surely we are not suggesting that the weather conditions came about because the workers went on strike! We all know that in Canada we get winter, that we get it every year. Sometimes it comes earlier and sometimes it comes later. Whether or not there is a strike, we get winter. Normally, the Seaway closes down anywhere from mid-December to the end of December. It is no different this year except that it is a little earlier. This is not the first year that it has been early. Again, I suggest to you that the strike did not have anything to do with bringing winter on, and it certainly has not had anything to do with a so-called safety and security problem, because we have provided the essential services. In other words, the early winter is creating the economic problem, and it is being used to bring the strikers back.

The economic problem is, of course, affecting the shipping industry, not the strike. In fact, it is also interesting to note that during the hearing of the legislative committee of the House last Sunday, before which I appeared, the President of the Treasury Board, Mr. de Cotret, said that it was absolutely critical—I want to emphasize "absolutely critical"—that the ships' crews and workers be back to work by Tuesday or Wednesday of this week. Well, it is now Friday. This morning the Minister of Transport, Mr. Bouchard, stated that it is absolutely critical—I want to emphasize "absolutely critical"—that these workers be back to work by Sunday or Monday. We have moved from "Tuesday or Wednesday" to "Sunday or Monday," despite the fact that in the same breath Mr. Bouchard said that they plan to close the Seaway on Tuesday. Something does not make sense. One can logically assume that these ministers will make the same statements next week if the Senate rejects Bill C-49 and returns it to the House of Commons.

If these ministers mean what they are saying, there is a simple solution. If I might borrow the words of the Prime Minister, "there is a choice." I am sure that we all remember a debate in which he said words to the effect of, "There is a choice. Go back to the table and negotiate today and negotiate a settlement." This legislation is an abuse of the legislative powers of the government. This legislation is a violation of the International Labour Organization conventions 87, 98 and 151. This government has already been found guilty by the ILO of violating these conventions twice this year when they legislated back the railway workers and the postal workers. Surely a country like Canada should not violate the same conventions three times in one year. It is not a very enviable record for a country like Canada.

I said earlier that the dispute was about equality and justice. I want now to elaborate on those comments and provide more details and specifics. Yes, the dispute for the ships' crews is about wage parity, wage parity on the east coast and west coast to begin with, because the east coast workers receive less pay than the west coast workers for doing the same job. If anyone can justify that, I would like to hear the argument. Although Treasury Board has finally offered wage parity at the date of signing, they have done so conditionally, making it conditional upon the signing of a collective agreement. In other words, to this date they have not agreed to sign off that provision. It is conditional on the entire agreement.

Another major item is wage parity for the ships' crews with their counterparts who work both in the public and private sector. Allow me to give you some statistics. The Pay Research Bureau data—not our data but that of the bureau—show that as of July 1987 the west coast workers were 28 per cent behind their counterparts. Of course, we are not talking about 1988, 1989 or 1990, not 1991 if this contract is imposed with this legislation, because if it goes that way they will be 40 or 50 per cent behind their counterparts.

I want to give one example. On the west coast the ships' crews on search and rescue get $11.68 per hour, yet their counterparts who operate the ferries between Vancouver and Victoria receive over $20 per hour. Which workers do you think face the greater risk; those involved in search and rescue or those involved in operating ferries? I suspect the answer is obvious, and one would think that those who take the most risk would receive the higher salary, but it does not work that way.

With regard to the hospital services workers, the major item in dispute is equal pay for work of equal value. In 1981 the Public Service Alliance of Canada lodged a complaint with the Human Rights Commission. In 1987, some six years later, the Canadian Human Rights Tribunal finally rendered an award that said, "Yes, the employer is violating the Canadian Human Rights Act and must pay the hospital services workers the same salaries as general services workers who do the same work." Hospital services workers do their work in a hospital atmosphere, whereas general services workers do their work in a government building atmosphere. That is the difference. The tribunal says that you must pay them the same salary. Finally, the employer, Treasury Board, paid a $28 million retroactive payment, up to December 1987. One might logically assume that payments would continue because they were found guilty of violating the Human Rights Act. No, they did not. As of December 1987 the payments stopped. You can understand why these people are upset. Last Sunday the President of the Treasury Board said, "Well, we are in the process of paying them another $10 million." That is very generous, but it is money that is owed and money that Treasury Board must pay. But isn't it wonderful that the government can hang on to that $10 million for a two-year period and not give it to the workers who need it and who are entitled to it? Do they pay interest to the workers on that money? No, of course they don't!

• (1050)

Those workers are entitled to the money now, it belongs to them, and they should be receiving it every two weeks in their pay. They should not have to wait six years, as they did to get $28 million, and they sure as heck should not have to wait another two years to get another $10 million. That has to be straightened out in this round of negotiations. In other words, the government keeps the money of the lowest paid workers in the public service—$18,000 a year—and does not even pay them interest on their money when they finally decide it is time to give it to them.

It is interesting to note that during the last two election campaigns the Prime Minister stated, in a debate with the other party leaders, that it is time for equal pay for work of equal value. In fact, during the last debate he said he had the money set aside for it. If he has it set aside, he has sure kept it.

Honourable senators, I wrote to the Prime Minister in December 1988, following the debate of the last election, on that very matter. I wrote him again in April 1989 because he had failed to respond to my letter. He has failed to respond to both of those letters to this date. Where is his commitment to equal pay for work of equal value?

The President of the Treasury Board, Mr. de Cotret, during the last round of negotiations, which went on for two years, from 1987 to 1989—that is the period we are talking about that these people have been without a collective agreement; in fact, they have not had a pay raise for three years—provided us with a letter of understanding and a commitment, again, on equal pay for work of equal value. I say to you now and I say to the Prime Minister and to the President of the Treasury Board: It is time to honour your commitments. To date, their actions have spoken louder than their words and their actions have been totally contrary to their words.

Mr. de Cotret has tried to pretend the issue of equal pay for work of equal value can be dealt with by the conciliation board. However, he knows better and, in fact, he keeps adding the comment—and it is interesting to note why he would add the comment—that they can deal with the matter within the provisions of the Public Service Staff Relations Act. The reason he adds the comment is because he knows that Treasury Board has continually since 1967 objected to dealing with anything that involves classification. They say they do not have the authority to do so under the Public Service Staff Relations Act. He knows that they cannot deal with the part of the equal-pay complaint dealing with classification.

Eventually—and we are talking about money here—this government will have to pay this money to the workers, because some day the Canadian Human Rights Tribunal will make a final decision which will require them to do so. It is interesting to note that at the hearing of a week ago Treasury Board officials spent a day trying to argue that the Canadian Human Rights Tribunal did not have jurisdiction in the matter of equal pay for work of equal value, even though they had already rendered an award. They spent a day arguing. Fortunately, the Canadian Human Rights Tribunal has thrown out their argument and there will be more hearings, some being scheduled for January and some being scheduled for June. Some day these workers are going to get the money they are legally entitled to, but they are only going to get it retroactively, and not have it during the period of time they should.

Therefore, Mr. Chairman, there is no justice and no equality in this legislation.

The government and the President of the Treasury Board have stated that the union and its workers are seeking excessive wage increases—and I heard that comment earlier today. I want to correct that statement. They have also said that demands must be similar to those of the other groups. As I said, those statements are totally wrong, and when I heard them earlier today they were totally wrong then too.

The present wage demands on the table for both groups, the ships' crews and the hospital services group, are for an average of 6 per cent per year. When one considers that the cost of living is running in excess of five per cent, I do not know how it can be said that that is an excessive wage demand, considering that these workers have not had increases that match the cost of living for several years.

Like other groups and bargaining units, the ships' crews group and the hospital services group have group-specific demands in addition to the wage demand. Of course, I explained one of them to you—the equal pay for work of equal value. If you want to roll all of that together, then you can come up with grandiose figures of about 40 per cent, which are totally inaccurate. While it is true that the basic wage settlement for most groups in the public service, including PSAC groups, was slightly in excess of 4 per cent, many groups,

including some in the PSAC, got additional improvements that involved money.

I will give you some examples. Recently the members of the welfare program group went on strike and they got extra increases above and beyond the 4.1 per cent or 4.2 per cent because they have an incremental system and because there was not equality with similar workers. They got between two and three extra increments, which, if you want to total them up, amount to a lot more than 4 per cent. They are the same members that we represent. In a round of negotiations, the correctional group got an extra increment because, again, they were not near pay parity with equivalent workers. The heating and power group got extra increments because, again, they were not in pay parity. Firefighters got extra increments because, again, they were not in pay parity. The general labour and trades and the general services group got extra money because the regional zones were reduced from 15 to 10.

Those extra amounts of money were never calculated into the 4.1 per cent or the 4.2 per cent—whichever figure you want to use. They were not calculated in for them, so why is Treasury Board trying to calculate in the equal pay, which they have to pay, and the parity for the ships' crews into the 4.1 per cent? Is it just convenience? I suspect it is so that they can jockey the figures to make it look worse than it is.

The Canadian air traffic controllers—not a group we represent—got a 4.4 per cent increase above and beyond what other people got. I am not arguing justification for that, because obviously there was justification for it or they would not have got it. In addition to that, there were a number of other improvements, which takes them well above 4.4 per cent, and I can assure you that it gets them a lot closer to 6 per cent. All I am saying to you is that, if Mr. de Cotret wants to include all of the cost items, then he should be fair about it and not try to mislead the public and the honourable senators here by saying that the wage demands are excessive in this case and pretending that no other group got beyond the 4 per cent, because they did.

● (1100)

In an appearance last Sunday before the legislative committee of the House mandated to deal with Bill C-49, I proposed on behalf of the striking ships' crews and hospital services members five amendments that were designed to make the bill slightly less unpalatable, or slightly more acceptable. We will provide you with copies of those amendments. Three of the proposed amendments were technical in nature and really designed to clean up the wording problems within the legislation. Given the time constraints and the seriousness of the matter under deliberation, I will not address those proposed amendments in any more detail.

The other two amendments were of considerable importance. Should Bill C-49 pass as currently worded, the employer will have provided itself with the legislative authority to appoint two of the three members of the conciliation boards that will be established to determine the terms and conditions of employment of these striking workers. Somebody forgot to tell you about the government appointing two out of three. They do not normally do that with conciliation boards. They normally allow the parties to choose the chairperson and, if they cannot agree, then the chairperson of the Public Service Staff Relations Board appoints the person. I cannot overemphasize the unconscionable nature of this legislative action.

As a result, the alliance proposed an amendment to clause 8 of the bill that would establish a procedure whereby the two parties would select a chairperson for each of the conciliation boards by mutual consent. That is contained on page 2 of the document and, since it is short, I will read it:

> The members of the Conciliation Board shall, within five days of their appointment, attempt to agree on a nominee for Chairman of the Conciliation Board.

There is a subsequent provision that, should they not agree, then the chairperson of the Staff Relations Board would appoint them, which is the normal procedure.

It is interesting to note that I received an unsolicited call from Mr. de Cotret last Monday morning, and he agreed to the change after he had been presented with the amendment we had given to the legislative committee. He agreed to the change on the phone and asked me why we wanted it, and I explained. He agreed to it with no strings attached. He did not say there were any conditions or anything else, and said, "Thank you very much." It is interesting to note that they did not make the change because they were mad at the opposition parties when they would not allow speedy passage of the bill. That is why the government did not make the change, even though Mr. de Cotret had agreed to it in an unsolicited phone call.

The remaining amendments relate to clauses 10 and 11 of Bill C-49. As currently drafted, Bill C-49 will not permit the full issue of equal pay for work of equal value to be referred to the conciliation board for the hospital services group. As a result, we have proposed that clauses 10 and 11 be amended to mandate the conciliation board specifically to deal with the issue through wage equalization and a realignment of the classification system. That is what the Canadian Human Rights Tribunal has already ruled. Changes to Bill C-49 saying that the conciliation board can deal with equal pay for work of equal value mean nothing unless this clause is framed specifically with the words:

> Notwithstanding the Public Service Staff Relations Act, . . .

Those amendments are found on page 5, where we propose a new clause 10(1)(*b*):

> All matters relating to the Human Rights Tribunal order concerning equal pay for work of equal value for this group rendered on July 15, 1987.

The further amendment reads:

> If the Board is unable to bring about agreement in respect of any such matter, including implementation of the Human Rights Tribunal order referred to in Section 10(1)(*b*), hear the parties on the matter and render a decision in respect thereof.

It was suggested to me that this could not be done because that, in fact, amended the Public Service Staff Relations Act. If that is true, then this bill cannot be passed, because this bill overrides the Public Service Staff Relations Act anyway. If you can override the Public Service Staff Relations Act totally, then you can override it in one specific instance. If you can override it totally, then you can override it, period.

I want to finish by saying that the proposals on the negotiating table could be settled with serious negotiations, without any problem. They are reasonable demands. As was mentioned by all parties at the legislative committee hearing, we, as a union, have certainly acted in a very responsible manner, above and beyond the requirements of the law. We were not required to provide search-and-rescue services, although we were sure going to do it. We were sure not required to pay the expenses to fly people back, when the government would not do it, after they went on strike on the ships in Baltimore and Bermuda. We were sure not required to keep these people in a hotel near their ports of departure so that they would be available in emergency situations, but we did it, and we have no regrets for that because we feel concerned for the Canadian people. That is what workers of the public service feel at all times.

Surely, with that type of response, there is some obligation on the government to treat those employees fairly.

I want to thank honourable senators for the opportunity to appear before you. I am prepared to respond to any questions you may have on the matter.

The Chairman: Thank you, Mr. Bean. I have as the first questioner on my list, Senator Frith. If other senators who wish to question would so indicate, I will put them on the list as well.

Senator Frith: Thank you, Mr. Bean. As I anticipated and promised my colleagues in my short speech, that was a very articulate intervention. You have circulated a document, the "PSAC Proposed Amendments to the Government Services Resumption Act Bill". You have referred to the amendments to clause 8, which is the clause that deals with the setting up of the board and names the people to the board. The principle behind your objection is that Parliament names the members rather than letting the parties name them.

Mr. Bean: That is correct.

• (1110)

Senator Frith: Was that amendment proposed in the House of Commons?

Mr. Bean: Yes, it was proposed by at least one of the opposition parties, maybe both of them, but it was defeated. As I indicated earlier, after our appearance before the legislative committee, Mr. de Cotret phoned me on Monday morning, asked me why we were opposed to it, and told me that they would agree to that amendment. But he subsequently changed his mind because, I assume—I do not assume, because I know—the opposition parties were not giving speedy passage to the bill.

Senator Frith: I take it, although he initiated the phone call, the principle that you have spoken of today and referred to again in answer to my earlier question was the principle he agreed to. Did he specifically say, "Yes, it is better to have the parties agree on the membership rather than Parliament."? Would you say that he agreed as a matter of principle?

Mr. Bean: Yes, he fully agreed with it. In fact, he said he would include that the parties would mutually agree upon the chairperson in the bill. He agreed not only with the principle but with the amendment. In their dealings with the opposition parties they proposed some language that had the same effect as ours, although it read slightly differently.

Senator Frith: At that time did he say that it was in any way conditional, for example, on certain behaviour by the opposition parties?

Mr. Bean: No. In my conversation there was nothing further said than, "Why do you want the change?". I explained that, and then there was an agreement that the change would be made. There were no strings attached and no reference to any other agreement or anything else. I assume he subsequently changed his mind because the opposition parties would not agree.

Senator Frith: You say that you know that that is so. Can you tell us why you have come to that conclusion?

Mr. Bean: Yes. Obviously, we were in touch with both opposition parties during the debate on this bill, and a proposal was put forward to us through both opposition parties that if we agreed to encouraging the opposition parties to give speedy passage to the bill that would be one of the changes the government would agree to in the bill. We said, no, we were not prepared to encourage the opposition parties to give speedy passage—in other words, to deal with it at the report stage and give third reading with that change alone. If he wanted to put in the change dealing with the equal pay for work of equal value so that it could be dealt with, then we could give the matter serious consideration, because those were the two key amendments that we felt had to go into the legislation. The only reason we said we could give it serious consideration was that we recognized that eventually the government had sufficient MPs to pass the legislation, and those changes were not forthcoming.

Senator Frith: Remind us, if you will, if it is true, of the generality of this principle that in matters of this kind the parties are the ones who make the choices as to their nominees, and then, if I understand it, their nominees decide on a chairman.

Mr. Bean: That is correct.

Senator Frith: Is this—what is the word the Leader of the Government uses when he talks about errors? Egregious, and the origin of that word is "standing out from the herd." Is this an egregious exception, or do you know of other exceptions to the general principle in which the names of the people are not specified in the legislation or otherwise specified against the principle of choice by the parties?

Mr. Bean: I am not aware of any previous legislation that has provided the naming of conciliation board chairpersons in this fashion. It is certainly egregious to the Public Service Staff Relations Act, which provides that the parties will try to reach agreement on who the chairperson is, and, if not, then the chairperson of the Public Service Staff Relations Act will appoint the chairperson, which is the same provision we want here.

So I am not aware of any situation in the past in which any legislation has contained the naming of chairpersons to a conciliation board. Of course, I am aware—and I want to be up front and honest with the Senate—that sometimes one-person arbitration boards are established and then they name the arbitrator. But that is not what we are dealing with here.

Senator Frith: That is usually, as you say, in the case of a one-person arbitration board.

Mr. Bean: A one-person arbitration board, yes.

Senator Frith: Apart from the principle, do you have any objection to the persons who are named in clause 8(1)(*b*)?

Mr. Bean: Yes, we have a very strong objection to one of the persons so named.

Senator Frith: But not to the other?

Mr. Bean: No.

Senator Frith: Turning to the other, most important, objection that you have to the legislation and the most important principle being dealt with in the collective bargaining negotiation, being the equal pay provision that you are insisting upon, which also apparently has been agreed to, but in this case subject to certain expressed conditions, first, am I correct that the government has agreed to the parity question between east coast and west coast coast guards? Is that correct?

Mr. Bean: For the ships' crews only, yes; not for the hospital services group.

Senator Frith: But that is conditional on the whole package, as I understand it, being accepted.

Mr. Bean: Yes, it is.

Senator Frith: With respect to the equal pay provision for the hospital services workers, how exceptional is their situation? I think you understand what I mean.

Mr. Bean: Yes.

Senator Frith: In other words, are they really being left out in the cold on this one, because in most areas that has been established as a term of agreement?

Mr. Bean: Yes. The hospital services situation is different from some of the rest in that the Canadian Human Rights Tribunal has already dealt with the matter and found that the hospital services workers are not being paid equal pay for work of equal value, compared with general service workers who are receiving more money, and that is why they paid the $28 million. But there is a second part of that decision, which also says that some of the workers involved—and I emphasize some of them, I do not know what the number is offhand, but there is a considerable number—are underclassified, also in accordance with general services classification standards on general services workers. Therefore, they must be reclassified to the same level as their counterparts in the general services group.

Treasury Board have always insisted, and in fact they insisted when we were referring this matter to the conciliation board, that that part dealing with classification cannot be dealt with under the Public Service Staff Relations Act, because they claim—I do not necessarily agree with them, but so far the decisions have been in their favour—that a public service staff relations conciliation board cannot deal with anything involving classification. That is why, when Mr. de Cotret wants to make any changes, he always throws in "within the provisions of the Public Service Staff Relations Act." He knows that if that provision is kept in the bill, there is no way the conciliation board is going to be allowed to deal with it. If they should be so brash as to try to deal with it, Treasury Board will take them to court after.

Senator Frith: Again.

Mr. Bean: Again. There is no question that that is what they will do.

Senator Turner: The coast guards make $21,000 per year and the hospital services workers make $18,000 per year. You know as well as I do that it is the take-home pay that pays the bills. What is an average take-home pay?

Mr. Bean: I do not have the figures, but it is safe to assume that you could knock off at least 30 to 35 per cent, minimum, because they do have other benefits they must pay for and they do have to pay income tax, even at those limited salaries. So I think it is safe to say that you could knock off 30 or up to 40 per cent to arrive at their take-home pay. That would be reasonably close, depending upon the individual family situation, et cetera.

● (1120)

Senator Turner: Could you live on that wage?

Mr. Bean: I certainly could not, and I suspect that there isn't an honourable senator in this house who could!

Senator Turner: You have been negotiating for almost two years. How many meetings have you had with Treasury Board?

Mr. Bean: I do not have the number with me, but I would venture to say that it is in the neighbourhood of over 100 meetings.

Senator Turner: The Treasury Board representatives sat on the other side of the table. Did you ever negotiate directly with the minister?

Mr. Bean: "Negotiate" would not be the proper word, because the negotiations are done at the negotiating table, but, yes, during the major part of the negotiations in February and March, at the request of the negotiating teams, I was in touch with Mr. de Cotret. I met with Mr. de Cotret on several occasions. As a result of those meetings, when I talked about the extra money that some of these groups got—groups like

heating and power, firefighters, correctional officers, welfare programmers, the general labour trades and services—I was able to convince them that they were not being treated fairly, that they did not have pay equality. Then that went back to the negotiating table with the understanding that they would give them the extra increments, which they did.

Senator Turner: What are the occupations of the Treasury Board negotiating team? Are they all lawyers?

Mr. Bean: No, they are not all lawyers. Generally speaking, they are personnel people from departments. But those personnel department people do not really have a whole lot of say in the matter. These things are done by the Treasury Board negotiators under the direction of the director and the deputy secretary of the Treasury Board. They are the ones who give their negotiating team the mandate. While there are other personnel people from departments on the team, they really have no say.

Senator Turner: They told you that you were asking for too much money; is that right?

Mr. Bean: Yes, that has been the claim lately, and particularly with respect to this legislation. Take the hospital services workers as an example. Treasury Board has to make the equalization payments anyway, so this does not really involve any extra money; it is just a matter of when the payments are made. They have rolled the equalization payments that they have to make into the wage demand, and that is how they came up with this figure of 40 per cent, or whatever it is. Most of that, the majority of it, is an equal pay settlement. The pay demand that is on the table—outside of the equal pay settlement which they have to pay anyway, and it is just a matter of when—is 6 per cent for each of the three years.

Senator Turner: Sir, you are well aware that the aides to the cabinet ministers got a 17 per cent wage increase. Where does that money come from?

Mr. Bean: I guess it comes from the taxpayers, the same place as the money comes from to pay all workers in this country. I assume that they get their money from the taxpayers. But in this case, when I talk about equality and justice, some people are more equal than others. It is the lower paid workers that are not equal.

Senator Turner: It is the old, old story—those who have get more.

Mr. Bean: On that I will agree with you.

Senator Turner: Sir, I will support you 100 per cent, because I think this is a terrible deal.

Mr. Bean: Thank you.

[*Translation*]

Senator David: Mr. Bean, I would like to ask you a few questions about the hospital employees only, since I admit my complete lack of knowledge about the other issues.

I believe that in answer to Senator Turner, you already partly answered my first question; that is, the difference between the 6 per cent increase and what you are asking for, the 17 per cent or so which is alleged.

Can you confirm for me that the only difference between the 6 per cent and, say, the 17 per cent is the issue which has already been settled by the Human Rights Commission?

[*English*]

Mr. Bean: That is part of it. I suppose I have to say it has not been totally resolved by the Canadian Human Rights Commission. What we want to do is to make sure that these people receive their pay every two weeks, not every two or six years or whenever the government decides it is time to pay them. We want to make sure that that pay is considered part of their salary for pension purposes so that, obviously, their pensions will be much higher when they retire. If they were in the general services group rather than the hospital services group, which is just a difference in classification, they would be drawing that other pay anyway. It is not justifiable to argue that that part of the equalization payment dealing with equal pay for work of equal value is part of the wage demand. Even if by chance this legislation goes through and we do not resolve the matter before the conciliation board, the government is still going to have to pay money for the equalization payment. The Canadian Human Rights Tribunal has made that decision. It is just that we do not get it every two weeks. In other words, the government keeps the money and the workers have to suffer as a result of that by not getting the money.

[*Translation*]

Senator David: Am I to understand that apart from this equality clause, your demand would be for 6 per cent? Nothing else would increase and make it go from 6 to 17 per cent?

[*English*]

Mr. Bean: There are some other minor demands that are not of great enough significance to stop us from reaching a settlement. The negotiators are well aware of that. The major outstanding item is equal pay for work of equal value. Of course, I do not think it would surprise any of you that if we can resolve that problem we will also be moving down from our 6 per cent position.

[*Translation*]

Senator David: Mr. Bean, I have a second question. Do you consider the salaries you are demanding, say for the Hospital in Sainte-Anne-de-Bellevue, possibly the largest veterans' hospital in Canada now, to be compatible with what the Quebec Department of Social Affairs now offers, since Quebec workers are probably involved?

[*English*]

Mr. Bean: Yes. Even their demands will not give them total equality with the people in Quebec. At present they are running something like 14 or 15 per cent behind, so even at that it will not give them complete equality.

There is another item with which we have not dealt and that is that the hospital services will also have a regional rate of pay. We are not pushing that at this round of negotiations

either, because we have too many issues to try to resolve. We will leave that one for the next round.

[*Translation*]

Senator David: Am I to understand that you claim that employees in Sainte-Anne-de-Bellevue are already paid less on average than those in other public hospitals in Quebec doing the same job?

[*English*]

Mr. Bean: Yes, that is absolutely correct, not only in the province of Quebec but all across Canada.

[*Translation*]

Senator David: My third question concerns essential services.

What services are you now providing in the affected hospitals?

● (1130)

[*English*]

Mr. Bean: We are not providing any services at this time in the hospitals involved because, when we proposed the number of people to provide the essential services, it was rejected by the departments and they said they would rather use management staff and volunteers. I was also a little bit upset this morning when I heard the comment about our stopping volunteers from coming into the hospital, because that is absolutely false. We have not stopped volunteers coming into the hospital.

I can also tell you that in the Department of National Defence hospitals they are using military people to provide the services, and we have not tried to stop that either because we are concerned, and rightfully so, about the health of the veterans as well as of all the others who are in hospital. We are not out to hurt those people.

[*Translaiton*]

Senator David: Do I take it then that all your employees in hospitals are now on strike?

[*English*]

Mr. Bean: Yes, that is correct.

[*Translation*]

Senator David: If it were not for management people and volunteers, there would be no services for these patients?

[*English*]

Mr. Bean: Well, there will always be management staff available there, and we have offered, and our offer is still there and still maintained. The offer was: "Tell us there is an emergency, tell us what it is, and we will have the staff in there and available off the picket line, as we have done in the case of the ships' crews."

[*Translation*]

Senator David: Don't you think there is a difference between ships' crews and hospital employees? These hospitals have elderly patients who are often unable to take care of themselves, and if there is nobody around to provide what I would call a humanitarian service, should we just let them die?

[*English*]

Mr. Bean: There is certainly a difference between the work provided by hospital services workers and those provided by ships' crews. Ships' crews are responding to emergency situations on a regular basis. In the hospital services, as I have said, we are quite prepared to provide emergency services as they arise. So far the departments have rejected that offer because we would not provide them with 90 per cent of the people. If it took 50 per cent of the people, if that is what it took to provide the services, we would be prepared to do so, but so far we have had no request.

I might again bring to your attention that there have been several interviews that I have seen on the media with people in the hospitals, both in the veterans' hospital and the DND hospital, and in all situations I have yet to see one of those patients say that they did not support the workers. In fact, as I mentioned to you, just the night before last one of them said, very clearly, on television, "If it was not so cold, I would be out in my wheelchair on the picket line supporting these workers." I do not hear too much screaming from the hospitals. I hear management people saying it, but I do not hear the patients saying it. They should be the first ones to know if there is a problem, but, nevertheless, if there is a problem, we are prepared to respond to that problem.

[*Translation*]

Senator David: You know as well as I do that patients in hospitals are hardly in a position to complain. They may have a lot of sympathy for the workers, and we saw that in Quebec, in a relatively recent strike among hospital employees. On the other hand, patients in hospitals under these conditions suffer when services are not provided. I am surprised at the request for 90 per cent. I would like to know what you would be prepared to offer in the way of essential services. Is it 30 per cent? Forty per cent? Ten per cent?

[*English*]

Mr. Bean: I really do not know, because you would have to assess that on each hospital based on the number of people who are not able to care for themselves. You would have to make that assessment on each hospital. Again, I can only state to you uncategorically, unequivocally, that we are prepared to provide those emergency services if it becomes necessary. There are nurses who are still working in the hospital. They are not members of the bargaining unit. We are not trying to keep them out. There are management personnel and there are volunteers and we have not tried to keep any of them out who provide those services. Should it become necessary for us to provide those services, some of our members would certainly be prepared to go back to work.

[*Translation*]

Senator David: There is of course a tremendous difference between your understanding and mine of the terms: "if necessary". To me, the need is always there.

Thank you very much, Mr. Bean, for your straightforward answers.

[*English*]

Senator Haidasz: Most of my questions were posed by Senator David. However, I should like to know how many hospital workers are on strike there? What is the total count?

Mr. Bean: Approximately 1,300; in that range.

Senator Haidasz: Do any of those include workers from the veterans' wing of Sunnybrooke Hospital in Toronto?

Mr. Bean: I do not believe so. I do not believe that is a federal operation, but I am not absolutely positive. I do not think so.

Senator Haidasz: Could you elucidate again for us whether the services rendered by those people on strike are essential services? Are they in the category of just ward workers or assistant nurses, or what is their category?

Mr. Bean: I do not think I could say that some of these are not essential. They are not nurses. They are involved in the laundry services, serving food or assisting the nurses, that type of thing. Later on you will be hearing from one of the strikers involved here in Ottawa who works at the National Defence Medical Centre. I am sure she can give you a full explanation better than I can because she is in on the day-to-day work of that hospital. I do not want to mislead the Senate; therefore, I would not want to say that the work is not essential. There is work there that is essential and we would certainly provide those essential services, as we have in the case of ships' crews.

Senator Bosa: Mr. Chairman, I am not sure whether I understood Mr. Bean correctly when he referred to millions of dollars that this government owes to the union members, which funds the government refuses to pay interest on. How much is there involved and where do these funds come from? Why does the government owe this money?

Mr. Bean: The first amount of money involved, which they paid until December 1987, which was retroactive to 1981, was $28 million.

Senator Bosa: Retroactive wages?

Mr. Bean: That is wages owed to the workers because they were not paying them equal pay for work of equal value with the general services workers who do the same work, but do it outside in buildings and locations other than the hospitals. At the present time they have now calculated what they owe again to these workers and it is around $10 million. They are, according to Mr. de Cotret, although we have not seen any cheques yet, in the process of getting cheques out to these workers, which total $10 million, which again flows from the decision of the Canadian Human Rights Tribunal, which says you are not paying these workers in accordance with the Canadian Human Rights Act.

So that is the money I am talking about. There is some additional money besides that. I do not know what the amount would be, because there are a number of people who are underclassified, and until that is resolved they will not get the money they are supposed to get.

Senator Bosa: When these payments are made to your members, are these lump sum payments likely to put your members in a different income tax bracket?

Mr. Bean: Absolutely.

Senator Bosa: Do you get any relief from that?

Mr. Bean: No, because once they make the payment it is for the year in which they get the payment; therefore, it also puts them into a higher income bracket for that year and there is no relief from that either.

Senator Bosa: Have you asked the government to make an exception, to average out the lump sum payment, so that it would not be as punitive to the members in paying their income tax?

Mr. Bean: Yes, we did previously, and the response was that the taxation act did not allow them to, that the money was taxable in the year it was received.

• (1140)

Senator Muir: Mr. Bean, I should like to commend you on a good presentation. You put your case over well. I expected that you would, although I have never met you; otherwise, you would not hold the position that you do.

A fair statement that we have heard today was made by Senator Frith. The previous governments and this government all say, "Yes, you have the right to strike," and all that sort of thing, but, when something happens, as Senator Frith said, they then say, "We have to pass legislation to put you back to work." This is not typical just of Liberals and Conservatives, because the Social Democrats, CCF, NDP—or whatever you want to call them—have done it in other governments also.

In my small way, over the years, I have tried to make representations to different governments. With your long experience, Mr. Bean, could there not be labour courts, or something of that nature, with a representative from your union and from the government as well as a separate body going on continually?

Your contract is up in two years. A group in Cape Breton Island, the Cape Breton Development Corporation, and the coal miners have also been negotiating. They have been without a contract for a year. The negotiators for the management of the Cape Breton Development Corporation want them to sign a four-year contract. Frankly, I have never heard of that. It is bad enough to have a two-year contract, because things change all the time. Whether or not a contract was signed ten years ago or twenty years ago or is signed ten years ahead, things will change. What is the time period of a contract that you would sign if you could settle the strike?

Mr. Bean: The demand that we have is for a three-year contract, although the general agreement in the public service has been a three-and-a-half-year agreement. In the legislation on which we tabled an amendment—and you will find that on page 5, but I did not emphasize it to you—we proposed that

they limit the agreement to between three years and three and a half years, or 36 months and 42 months.

At the present time the legislation basically states that it will be a minimum of 42 months. There is no maximum. So the conciliation board could decide to issue a much longer collective agreement. That certainly, because it is wide open, should be changed. Again, in accordance with many other pieces of legislation that have been introduced as back-to-work legislation, we thought there should be a limit instead of it being wide open, but the government chose, once again, not to accept our amendment.

One can assume that if this legislation goes through, the minimum period of time will be 42 months, which is a long period of time in that the contract has been expired for two years now.

Senator Muir: Yes, anything I have been involved with was for a period of two years. I have negotiated, been on strike and been on a picket line too. They are not nice things. As Senator Frith said, no one wants to go on strike; no one wants to get into that situation.

Let us go back to a question I have posed to you already. You have experts available to you. Have you explored the idea of having a system in which, from the time you sign your contract—whenever it may be—any problems arising over the period of the contract would go to this board? It would be a lot cheaper to pay them than to have strikes. Quite often something that at the time seems terribly important turns out to be not important at all when a strike is settled, because you receive it in a progressive way over the period of the contract. If a board were set up for when your contract expired, you would not run into the problem of workers going on strike and the problem of having to sign new contracts.

Mr. Bean: There could be a process set up whereby you could deal with some of the more tedious things that are not crucial issues but are important issues.

Senator Muir: I am not talking about wages but these other issues.

Mr. Bean: There could be a process to deal with these important issues. However, I have not given that much thought. It would have to be a process that would respond in a timely fashion, because we already have the Canadian Human Rights Commission and the Canadian Human Rights Act, which is supposed to deal with equal pay for work of equal value in a timely manner.

As you can see, we put in the complaint in 1981. Here we are in 1989 and it is still not resolved. If you are to have some type of process, it must be one that can respond in a reasonable period of time. To me, a reasonable period of time should be a minimum of six months to twelve months—something like that.

Surely you cannot let something like this drag on. That causes much bitterness and frustration on the part of the workers, particularly when they are in the low-pay bracket that they have been in for eight or nine years. If we cannot resolve it in these negotiations, this will not be resolved for at least another year—maybe longer.

That is the problem, unless you set up some system that requires them to deal with it. We want the change to clauses 10 and 11 so that this board will finally deal with equal pay for work of equal value for the hospital services workers. They have waited long enough. After all, eight years and still fooling around with payments coming whenever the government thinks that it is time to pay them, rather than receiving it in pay cheques, is not acceptable.

Senator Muir: Mr. Bean, I know that you would not believe it to look at me, but I have been around this Hill for 32 years.

Mr. Bean: I never would have guessed it!

Senator Muir: But why is there a different pay rate? I have asked and asked both the Liberal and the Conservative governments. It is the same job on the ships, the same everywhere. What has been the great objection to that in your opinion?

I am amused, because during your comments there were those on the other side saying, "Oh, my! Tut, tut!" They were in a position at one time—because some of them were cabinet ministers—to do something about it, but they could not do much about it. I feel a bit strange when I start hearing these remarks.

Let us be fair and honest about this. Have you ever found out why governments do not wish to pay the same wage rate for slopping a ship in Cape Breton as out in Victoria or Vancouver? Perhaps you can enlighten me on that.

Mr. Bean: The only argument that I have ever heard—and Mr. de Cotret repeated it at the legislative hearing; he was asked if he was committed to national rates of pay and he said, "No, I am not,"—is that if you pay national rates of pay for all groups in the public service, it will have a major impact on the market forces for some reason. I suspect that what that really means, if one talks about it in logical terms, is that in some parts of the country, because more people are unemployed, or whatever, you are able to pay workers less for doing the same job.

The argument that has been put forward by the government, by Treasury Board and by various governments, has been that if you pay the national rate of pay in the federal public service it will have an impact on the local markets; therefore, some of the public service employees will be receiving more pay than what similar people would receive in the local market. I do not see any justification for it, though. In answer to that, I would say that perhaps the local market should be brought up to meet the established rates that should be paid for these workers.

One can take the same argument and look at it when you talk about minimum wages in various provinces. Not all provinces pay the same mimimum wage. In fact, the federal government pays a lower minimum wage than the provinces, and I think that is despicable.

• (1150)

Senator Muir: Like you, I have seen this sort of legislation go through many times, but I have never seen it naming the

people to be appointed to the conciliation board. One party would suggest someone, the other party would suggest someone else, and then they would pick the third, or something like that. Why do you feel that in this legislation the members have been named? Is there something we do not know? You work behind the scenes at picking everyone's brain and playing politics just as we all do.

Mr. Bean: Not me!

Senator Muir: I have been around here too long, so don't try to kid me! Why do you think the members were named this time?

Mr. Bean: That same question was asked at the legislative committee meeting held last Sunday. The response by the Deputy Secretary of the Treasury Board, Lou Tenache, was that it was done for purposes of expediency. It makes no sense, because the board has 90 days in which to respond if this legislation goes through. We made the suggestion that the parties have five days to come up with an acceptable chairperson, and, if they do not, the Public Service Staff Relations Board would appoint one, which is the normal procedure. So the response of expediency made absolutely no sense, and no other reason was given.

I can tell you that we cannot tolerate one of the people who have been named. We have suffered two very bad arbitration awards by that individual, awards that were contrary to what everybody else was getting by arbitration in similar jurisdictions on similar occasions. One of these bad awards was made to our members in the House of Commons and the Senate while another arbitrator from the Public Service Staff Relations Board gave a reasonable award—not what we wanted, but a reasonable award. That is why we do not want that individual involved in this dispute.

Senator Muir: PSAC has industrial experts, the CLC has industrial relations people, economists and other experts. I am harking back to the idea of working on a case before it ends up in strike. Let us face it, you do not want to end up in a strike. The government, as the employer, does not want a strike. I do not think any employer or any union wants a strike. Have you ever had seminars, symposiums or just meetings with such experts on the subject to come up with ideas to propose to government, or has the idea itself ever been proposed to governments of any stripe?

Mr. Bean: Certainly we have meetings, and we have talked about different legislation and better legislation. The Public Service Staff Relations Act is one of the most restrictive pieces of legislation in the country. The Canadian Labour Code, which applies to other federal workers, is a much better piece of legislation. To be honest, it is not normal for negotiations to run for two years. That is totally unusual.

Senator Muir: Why do you think negotiations have gone on for that long? You and your counterparts in the government must have been disgusted with the process at times. What is the big headache? Is it wages or what?

Mr. Bean: There were a number of factors. Because we have some 31 bargaining units, we tried to streamline the process this time so that we would go to seven tables and avoid repeating the same argument and the same debate each time. Treasury Board took the position that the procedure was not allowed under the Public Service Staff Relations Act. So we proceeded to the Federal Court, the Federal Court of Appeal and the Supreme Court. We spent a lot of time in the courts, but eventually the ruling came down that we can have seven tables, or two tables or 40 tables, if we so choose. The act did not prohibit the procedure. All of this took time. I would even go so far as to say that, because of frustration over negotiations in the past few years, there were many more demands than is normal. We had some 400 demands, some of them flowing from the government's approach to cutting back in the public service, privatization, deregulation and so on. All these demands came forward and they had an impact on negotiations. We are reviewing the situation and we will be taking steps to ensure that, first, we do not have as many demands in the future and, second, that we have a timetable to work by and to allow us to get to the conciliation board much sooner.

A number of factors contributed to delay. I can only say that had Treasury Board wanted to bargain in good faith we could have settled this dispute, and still can settle it, in a very short time. However, if they want to bring the equal payments into the game, which they must make in any event, tack them on and pretend that we are asking for 17 per cent per year, then the problem will not be solved. There must be good faith, and Treasury Board must recognize that they have to make the equal payments. So let us settle the matters at the negotiating table once and for all and let us get the workers their pay every two weeks, to which they are entitled, not every two years or every six years. Yes, we have sat down, and we will be sitting down again to review the Public Service Staff Relations Act. We will put forward proposals to the President of the Treasury Board on how we can streamline the act to make it a more effective piece of legislation.

Senator Muir: I diverted you from your answer to my first question by interjecting another question. Let us go back to my first question. Are there not countries in Europe, for example, that have a system whereby negotiations continue even after the contract is signed?

Mr. Bean: There are various systems. None of them work perfectly, but most of them provide that items in dispute by the parties during the life of a collective agreement—and I am not referring to major monetary items but other items—can be referred to a third party to be cleared up. To the best of my knowledge, that type of legislation does not exist in Canada.

Senator Muir: I realize that, but I wanted to hear your side. Do you think it would be a good thing?

Mr. Bean: There are irritants within collective agreements which could be better settled during the life of the collective agreement. However, that is not the way things are done, though it would certainly be beneficial.

Senator Muir: Thank you, Mr. Bean. I doubt whether any of my questions have cast any light on anything, but there is still a lot to what Senator Frith said. I was around here long before the public service had the right to strike. We gave you that right, and we have taken it away from you. Our leader pointed out something today. It was contrary to what you said, but, of course, I would expect you to say one thing and him to say another. I do not know who is right, but I do know that neither of you are absolutely correct. Undoubtedly, people on both sides are suffering because of this strike.

Mr. Bean: May I add that, while we have had the right to strike, we have exercised that right in a very limited way. This is the first strike in the public service since 1980, when the clerks went out, and we have to go back to the seventies to find a strike before that. It is safe to say that our union has exercised its right to strike no more than about ten times in 22 years. I do not think that is an abuse of the right to strike. It appears that the right to strike exists as long as you do not use it: once you use it, look out!

● (1200)

Senator Muir: I am not saying that you or anyone else has abused it. What I am concerned about is that we give the right to strike and then we find out it does not work because something terrible could happen. That applies not only to measures this government has taken but to those of other governments, including provincial governments. I think that there must be a way around this.

However, I thank you for your answers and I hope that I have not bored you to death.

Mr. Bean: Not at all.

Senator Atkins: Mr. Bean, when the distribution of the $28 million was made, was there any agreement or understanding that those distributed funds would raise the base salary of the workers?

Mr. Bean: No, that is the major part of this dispute. It does not raise the basic salary, and that is exactly what we want to resolve. It must be part of the basic salary so that it applies to pension and all other items that go along with that. That is the main part of this dispute.

Senator Atkins: Will the next $10 million, which you suggest is about to be distributed, be based on the same distribution system as the $28 million?

Mr. Bean: Yes. It will not form part of their basic salary.

Senator Atkins: Was there a directive from the Human Rights Tribunal to suggest that it would be?

Mr. Bean: We do not know whether the Human Rights Tribunal has the authority to impose that. That is one of the problems. Several years ago, when we got our first equal pay for work of equal value settlement for the Library Science group and tried to negotiate that into their pay, we were unsuccessful. We have asked the Canadian Human Rights Commission to instruct that it must be included as part of their pay package, but so far they have not rendered a final decision on that.

As I say, not being a lawyer—or even if I were it might not help me—I do not know whether they have the legal right under the Canadian Human Rights Act to impose that type of condition. That is the main part of the dispute with the hospital services.

Senator Atkins: If they had made the recommendation, do you believe it would have been easier for you to make your case to Treasury Board?

Mr. Bean: No, we don't really think so. It is a question of whether one has the will to do it, not a matter of someone recommending it. One of the problems with the Canadian Human Rights Commission, and any other board you might set up, is that they do not have the authority. They may make that type of recommendation, but making a recommendation does not change anything. The Canadian Human Rights Commission has urged—"recommended" would be too strong a word—that in the case of the Library Sciences group it be considered as part of their pay, but so far that has not happened.

Senator Atkins: I would assume that they would have to be careful, because the courts could always overrule some of their recommendations in other areas.

Mr. Bean: Yes, it is possible they might. We have not tested the legislation that far yet to know that.

Senator Denis: I would refer to an answer you gave to one senator to the effect that in a period of many months you have held more than a hundred meetings but have met with no success. That would lead me to the conclusion that the strikers are asking too much and the government is not offering enough. We will not discuss that any further, but I will turn to the actual situation as it exists today.

How many ships are stranded in the St. Lawrence Seaway?

Mr. Bean: I have heard figures ranging from 40 to 80.

Senator Denis: I am sure that would not instill confidence in foreign countries wishing to ship goods in or out of Canada. One of the factors leading up to this situation, I am sure, is the quick onset of winter. Another is the fact that pilots will not assist those ships to leave the river. Further, the staffs on icebreakers will not assist in clearing the way out of the St. Lawrence River.

As I read your view of the law, it is that you are not obliged to guarantee essential services. Nonetheless, you do perform some services which you assess as being essential. Do you not think that crews on icebreakers and pilots perform essential services? It is my understanding that the buoys are removed from the waters in September or October, which makes it essential that foreign ships be guided out of the St. Lawrence with the assistance of pilots. With about 40 ships stranded in the St. Lawrence, do you not think that pilots and the crews of icebreakers are performing essential services?

I would point out that the economy of our country may be at stake. You say that this is not your fault, because you plainly

stated that you would withdraw your services after a certain date. With the early onset of winter, these ships are left in a risky situation, because they can no longer get out of the channel without assistance. Do you not think, faced with this situation, that you should assure some essential services to help those 40 or so ships out of the river, some or most of which are loaded with Canadian goods? This bill would not have been necessary had it not been for the early winter. You started striking a month ago, in November; after hundreds of meetings you still did not come to a settlement. That situation could go on all winter, and the strikers, to get the most out of it, could take advantage of the fact that 40 or 45 ships are caught there for the full winter. Those ships might not come back here again; foreign countries might not buy other goods here because these goods did not reach them on time. To me, the situation is more than urgent. I would like to know why, in this situation, you would not at least allow your pilots and icebreakers to help those ships get out of Canada.

● (1210)

Mr. Bean: Thank you very much. First of all, I want to correct something. The pilots are not our members and we are not stopping them from working. They can work if they so choose. As I said earlier, it is true that this strike has had some economic impacts—as does every strike. It is also true that these ships entered the Seaway system knowing that they were entering at their own risk. They knew that there was a strike. This year, for some reason that I do not know, the weather is colder, and they knew that even if everything had been normal and there had been no strike they might not make it through the Seaway. Yet they chose to come in.

Senator Denis: Just the same, were there not some ships that were in Canada and decided to get out of here before your strike? Your strike was in November. I am sure there were some ships, either loaded or unloaded, that were trying to get out of here before the strike.

Mr. Bean: I am not aware of that, sir. That may well be. I do not know.

Senator Denis: So we are in the same position, then. I do not like it, but you are not supposed to like it either. You do not know.

Mr. Bean: Well, senator, that is what I said. I do not think I lied when I said I do not know.

Senator Denis: But you said that they knew you were on strike.

Mr. Bean: That is correct.

Senator Denis: Some of them decided to get out before the strike was declared.

Mr. Bean: You may have information that I do not have. Let me also point out that we have never been requested to provide icebreaking services—never. The department said that they did not believe we would do it so they did not ask us.

I share your concern about our international reputation, but I might also point out that it does not do Canada's international reputation much good to be found guilty of violating the ILO conventions three times in one year. It does not matter whether you and I agree or disagree with them, but the rulings have already been given saying that economic considerations do not apply to essential or emergency services. That is the ruling of the ILO. These are conventions which this country has adopted. Economic matters do not enter into emergency or essential services. So, on the one hand, yes, I do not think it is great for Canada's reputation that ships cannot get through the St. Lawrence, but, on the other hand, I again say to you that one of the reasons they are not getting through the St. Lawrence is because the weather turned cold sooner than normal. I do not have the statistics with me, but it is not unknown for the St. Lawrence to freeze up before mid-December. It may be a little unusual this year compared to the last few years, but it has frozen up before.

These people who are arguing that we should have provided icebreaking services perhaps should have requested them. I can tell you that because of the situation in Montreal, where ice was forming and creating a potential hazard of flooding, we were monitoring the situation and looking at the possibility of sending in icebreakers to break up that ice so that flooding would not take place. Subsequently, that did not become necessary, because one of the Russian ships plowed through and broke up the ice. However, we were quite prepared to do so if it was necessary. If we were given a substantial reason why we should be providing icebreaking services, such as perhaps to let ships through that were carrying important cargo, we would certainly take that into consideration. However, I will not say that we would let every ship through, because, let's face it, strikes do cause inconvenience.

Senator Denis: I know. You have said, and I agree, that the economy is greatly hit, but you rely on rules and regulations that forbid that to be taken into account. However, in the case of an urgency of this kind, do you not think that all those rules and regulations could be put aside for a few weeks or a few months in order to save the economy? Rules say that you do not have the right to enter the house of your neighbour, but if the house is on fire you may go in and try to get the people out. So I think your argument about the rules does not stand. Obviously, the world is aware that 40 ships are locked in in Canada. Do you think it is going to help the strikers to keep on striking all winter? I disagree with you. I am sorry. That is all.

Mr. Bean: I do not have any argument with your right to disagree with me, and I am certain you would respect my right to disagree with you.

Senator Denis: Of course.

Mr. Bean: The legislation does not only take away the right to strike—which, I might add, has not been used very often—but it also legislates a collective agreement. In fact, it legislates that if the two parties cannot agree, then the conciliation board is going to render a collective agreement. It also loads the conciliation board in favour of the employer by letting the employer appoint two people to the conciliation board. In addition to that, we do not know what the duration of the legislated collective agreement will be. Surely the union has

some right to have some input into the duration. It is going to be no less than 42 months.

All I can say is, yes, in any strike situation there will be inconvenience, and any time there is inconvenience it tends to have an economic impact. You say we should not hide behind the law, and we have not. I want to emphasize that, despite the fact that we have lived above and beyond the law in providing emergency services in every case where we were asked in a timely manner and despite the fact that this union has spent hundreds of thousands of dollars to provide those emergency services, the reward for this union and for the workers is that they get legislated back to work. I do not think the honourable senator would agree that that is fair treatment.

● (1220)

Senator Denis: Do you not agree with me that by passing this bill a settlement of the strike will take place in any event? That is better than the hundred meetings you had with no result. But we had an answer to that to the effect that there would be a board of three, with two Conservative—

An Hon. Senator: No, no!

Senator Denis: —or two people of one party and only one person representing the strikers. Suppose those two people who are appointed are not Conservatives but are Liberals. They are human enough not to let the employee go to the bottom of the scale. It has never happened that way. I do not like the Conservatives more than the Liberals; they are not that inhuman; they would give you a fair settlement.

Mr. Bean: Let me correct something. First of all, I did not say that there were two Conservatives or Liberals or New Democrats or anything else.

Senator Denis: Yes, but it was in the back of your mind.

Some Hon. Senators: Oh, oh!

Mr. Bean: I have not asked them what their politics are yet, but all I am saying with respect to that is the fact that in no other legislation in Canada that I know of has the government appointed two people and left the union with only one person. The union is only going to appoint one person anyway, but we want some fairness in that we should have some input into who the chairperson will be. If the union and the employer cannot agree who the chairperson will be, then the provision is in place that the independent chairman of the Public Service Staff Relations Board will appoint the third person. That seems fair to me, and that is all we are asking for in that area.

I want to tell you that the strikers do not want to stay out for the rest of the winter, because the strikers are absolutely the first people who feel the economic crunch. When they go on strike they get no pay. When we talk about economics—again, I am not an economist—I know that if you are not getting any pay you can get awfully hungry.

Senator Denis: In that case you are more wrong than I thought.

Senator Robichaud: There is no question about the fact that this strike is having a detrimental economic effect all over the country, including on the people who are on strike, as Mr. Bean has pointed out. If there was one beneficial effect it would have been to remind me, and possibly many other senators, that an ugly discrepancy exists in the take-home pay of coast guards on the west coast and on the east coast. I am informed that that discrepancy is in the neighbourhood of a couple of thousand dollars a year. It may be that the coast guards on the west coast are more qualified than the people on the east coast—

An Hon. Senator: No, no!

Senator Robichaud: —which I cannot swallow. I cannot believe that. The only reason they would be more qualified is because they originally came from the east coast.

Senator Muir: Hear, hear!

Mr. Bean: Let me assure you that people from the west coast are no more qualified.

Senator Robichaud: I cannot buy that argument one bit, but I heard you say, Mr. Bean, that the reason, in your conception, such a discrepancy exists is that labourers are more available on the east coast because of the high unemployment situation. If that is so, I think it is a crime on the part of the government to pay the west coast coast guards a couple of thousand dollars more than they do coast guards on the east coast. I do not buy that argument. There must be some other reason, and I think the sooner that discrepancy is wiped out the better the situation will be for Canadians, for the industry and for the market.

You mentioned market. The government might invoke the excuse that they are better paid on the west coast than on the east coast because of the industrial impact. I do not buy that one bit. Could you elaborate on the point that a higher availability of manpower on the east coast would justify higher salaries paid to coast guards on the west coast?

Mr. Bean: What I indicated to you is that Mr. de Cotret, in his response to the legislative committee, said labour market conditions determine what salary they should be paid. I do not believe any such conditions exist for the ships' crews. Nevertheless, to date they have paid ships' crews on the east coast approximately $2,000 less than the ships' crews on the west coast. Certainly, it has nothing to do with their qualifications, because, whether they work on the east or west coast, all of these people are well qualified to do the job.

When I talked about that I was saying in many situations—not necessarily with respect to the ships' crews situation, although it might be more applicable to the hospital services situation—employers outside the government are able to pay less wages, particularly in the eastern part of Canada, in the Atlantic provinces, because, traditionally, there has always been higher unemployment. When you have higher unemployment, that is a big factor in what you are required to pay employees in any job situation.

Senator Robichaud: For a company that might be applicable, but can that be justified for a national government?

Mr. Bean: No, obviously not. Our position has been and remains that we believe all workers—and we represent other

groups besides the ships' crews and the hospital services workers—should be paid a national rate of pay. They work for the same employer. It does not matter where they live. There are other ways of adjusting. For instance, we have what we call an isolated post allowance that is given to people who live in the north because they have a higher cost of living. We have people who serve in foreign posts, and in that case we have what we call a foreign service directive to adjust for those higher costs of living. So there are ways of adjusting above and beyond the wages in cases where there is any justification.

I am not claiming by any stretch of the imagination, particularly in the bargaining units that we represent, that there is justification to pay east coast workers less than west coast workers. There is not. For example, because of the unique situation in Toronto and southern Ontario for some of our members, we have put forward a proposal that says because of that unique situation, because of the higher cost of living—the higher cost of housing mainly—there should be a special allowance for them. That does not change in any way, shape or form that everyone's pay should be based on a national rate of pay no matter where you live.

• (1230)

Senator Robichaud: I have made my point.

[*Translation*]

Senator Simard: Mr. Chairman, I will be very brief. I do not want this to be a speech opportunity. However, I would like some short answers to three or four questions.

I would like to get back to a point raised by my colleague, Senator Muir, and by Senator Robichaud, about the question of national rates. Can you confirm or deny the fact that one of the government's proposals was to achieve national parity by the end of the proposed 42 months contract. Was that the case, yes or no?

[*English*]

Mr. Bean: Yes; in fact it has been moved up to the proposal that was put on the table. Well, I should go back to correct that. The original proposal on the table would not have found pay parity. That was one of the reasons the tentative agreement reached in March was rejected. It would have left the east coast 2.85 per cent behind. Subsequently, during these negotiations it has been put on the table, pay parity for the east and west coasts, upon the signing of the collective agreement.

Senator Simard: That has been offered by the government?

Mr. Bean: That has been offered, but it is on condition—and I mentioned this in my opening comment—that a tentative agreement be reached on parity. When Mr. de Cotret was asked at the legislative committee meeting last Sunday if that pay parity would be assured, he said, yes, and, subsequently—and you can check the minutes for yourself so that you know what went on—said, "Yes, it is on the table, but the parties could alter that." The parties could alter that in terms of reaching a final collective agreement. So it is on the table, but it is conditional upon a final agreement being reached, which may or may not happen.

Senator Simard: Yes, but I am sure that that is no different from many other items in negotiation. Items are offered, there are pros and cons, and some things are offered provided that the parties have a deal, I suppose.

Mr. Bean: Yes.

Senator Simard: I am sure you are doing the same with some of their requests; they are not finalized until they are finalized. But it is my understanding that the government was prepared to go for parity, after many years of nonparity.

Mr. Bean: It only took them two years to get to that point, but, yes.

Senator Simard: Well, it has taken many Liberal governments 30 years or so to achieve that, so two years is not too bad for this government.

Mr. Jelly: I thought you didn't want to be political.

Senator Simard: I guess I was provoked.

Mr. Bean: It is okay if you get provoked.

Senator Simard: But not by this gentleman. In any event, the important thing is to bring these matters to light. You said you had mentioned it earlier.

Mr. Bean: Yes.

Senator Simard: I had to be out of the chamber at that time. Of course, as in all strikes, employees decide on the timing of the strike.

Mr. Bean: No, not really.

Senator Simard: No? I am sure that nobody forced you to strike. You decided to serve notice, perhaps in November, and to strike in December. The government did not decide that.

Mr. Bean: That is not quite how things work.

Senator Simard: Well, tell us how they do work.

Mr. Bean: We have a legislative procedure that we must go through. The legislative procedure requires that there be conciliation boards established. We did that and the conciliation board reported that there was no settlement between the parties, so it was seven days after that. The conciliation board reported in November. I can assure you that if we had our choice we sure as hell would not be striking in the winter time. There are better times to strike.

Senator Simard: Could you not have waited to strike until later in the year, perhaps another two or three months later? You have already been going through this process for two years. If you had waited a little while longer to strike we would not be caught with all of this ice and bad weather and people losing their lives and so on. I understand your right to decide when to apply pressure—that is part of bargaining.

Mr. Bean: I suppose that if we had known that the weather was going to change so drastically we might have selected that time. But, to be fair, we certainly did not know that. And yes,

sure, we could go on another two or three months or another year and not have a strike, but there comes a time when the employees—it is not me—make the determination whether they will go on strike. They vote and they say, "Look, we have gone two years without a collective agreement and three years without a raise." I can assure you that the hospital services people who have been out in this weather, the coldest weather we have had for years, are not out there because they think it is great for their health. They are out there because they are committed to a cause—in this case, equal pay for work of equal value.

[*Translation*]

Senator Simard: Mr. Chairman, I would like to put one last question. It is my interpretation that we have been asked to legislate a settlement process. You mentioned the fact that the government reserved the right to name two out of three people. Since we are legislating the process, not the content, it would seem that the parties were pretty close to a settlement a week ago. Am I mistaken, or is this a correct interpretation of the events as they occurred? I would like you to tell me about the settlement process and about the fact that the government would have two people, not necessarily Conservatives. In other words, would you care to change your position on the appointment of these two people?

[*English*]

Mr. Bean: No, I did not say two out of every three are against. I said that the legislation provides the government the right to appoint two out of three people. They name the chairperson and they have the right to select another one. It is true that we came reasonably close, I would say, to resolving the ships' crews' strike at one stage, but, subsequently, the employer backed away from those proposals.

Senator Simard: Could you elaborate on that?

Mr. Bean: Yes. One outstanding issue for the ships' crews is, of course, pay parity, which I was advised would be there upon date of signing. The other outstanding issue is the whole pay package. Treasury Board wanted to maintain the pattern, if you will, of 5 per cent for 14 months, 4.8 per cent for 14 months, and 4.6 per cent for 14 months. We indicated that we might be able to accept that if they dealt with what we called a sea-duty allowance of a specific item.

The proposal we put forward was $210 per month. Treasury Board said that that was not acceptable to them. At one time, however, they talked in terms of some type of sea-duty allowance, because there is a sea-duty allowance for the navy of $177 per month. When we got back to the negotiating table last weekend the government offered nothing by way of a sea-duty allowance. They said, "We will give you a $500 signing bonus," a one-time payment of $500 instead of even trying to deal with our proposal for $210 per month. That was unacceptable to the workers. Therefore, that fell apart.

There are other outstanding items that I believe could still be resolved if we could get some movement on this sea-duty allowance. Unlike some of the other groups, where there is an incremental pay system, the only way we can find to adjust or bring them closer to parity with some of their counterparts, both in the private and public sectors, is through this sea-duty allowance. They do not have any incremental system where you can add on increments, therefore, the only avenue we could find was to do it through a sea-duty allowance. That has not been resolved. In fact, as I say, the final position put forward by Treasury Board is: We will give you a $500 lump sum payment upon settlement. A $500 lump sum settlement that does not go in your wages is a long way from a $210 allowance per month. So, obviously, we did not get that settled.

● (1240)

I still believe that with a little goodwill it would be possible. If Treasury Board were prepared to move on a sea-duty allowance—it might not come up to $210, but at least a reasonable figure—we could work out a settlement. I think it is a matter of going back to the table.

Senator Simard: I have one last question. Could you quantify the average for employees? Could you qualify what separates you from the employees' action and the possible acceptance of a deal? What are we talking about here?

Mr. Bean: The difference in our last proposal was the $210 per month, which I understand comes to the neighbourhood, for the whole bargaining unit, of $5 million, and that is the difference. The rest of it could be resolved.

Senator Simard: That would not affect the nurses?

Mr. Bean: No, that would not affect the hospital services. I can assure you right here today that we could resolve it if they were to offer $200 a month in sea-duty allowance for the ships' crews. We could resolve that problem in a hurry. We would have a tentative agreement, one that could be ratified by the membership.

Senator Simard: And you might accept even $150 or $100?

Mr. Bean: I am not going to negotiate here.

Senator Thériault: It is an ill wind that does not blow some good, so maybe the early winter and the strike may provide some assistance to the Ports of St. John's and Halifax, because it has been a long-standing feeling by some people in Halifax and St. John's that for all that icebreaking in the St. Lawrence Seaway they pay the price. Anyway, that is not the point.

I want to ask a couple of questions. You said, if I heard you correctly, Mr. Bean, that you have only been on strike ten times in 22 years.

Mr. Bean: That is an estimate. It is pretty close.

Senator Thériault: How many times out of those ten have you been legislated back to work?

Mr. Bean: We have never been legislated back to work before.

Senator Thériault: This is a first?

Mr. Bean: This is a first.

Senator Thériault: I also want to say that the information I have is that the union people are very prompt when emergencies arise on the east coast and, generally speaking, people on the east coast appreciate that.

I would also like to say that no one likes strikes. It seems to me that 50 or 60 years ago, whenever it was that strikes started, maybe 100 years ago in some countries, strikes were needed. I am surprised that employers and employees, union management and union people, do not seem to be working towards a way of solving the disputes without strikes. I know you are aware, and union members are aware, the reason you have so little support from the general public—I am not talking about the union but, generally speaking, the union—is because of strikes. Everyone wants the labour people to be treated fairly, but when you are affected, whether it is a postal strike or whatever strike, then it makes you understand. I just wanted to pass that on.

I would like to ask one more question, Mr. Bean. I heard you say that Mr. Bouchard, the Minister of Transport, announced that the St. Lawrence Seaway will be closed or will be closing on Tuesday. If this legislation were passed and came into force on Tuesday and the Seaway were to be closed on Tuesday, as Mr. Bouchard suggested, what would be the difference?

Mr. Bean: Let me start with the last one first. I am told that originally they anticipated the Seaway would be closed on December 19. Both on CBO *Morningside* and in *The Ottawa Citizen*, Mr. Bouchard is quoted as saying the Seaway will close on Tuesday. So, if this legislation passes, the earliest that anyone is going to be back to work will be sometime on Sunday, possibly even Monday. I do not think that is going to make a tremendous amount of difference, particularly if they are going to close the Seaway on Tuesday anyway.

Let me go to your comment and your question with regard to no one liking strikes. You are absolutely right, no one likes strikes, least of all the people who have to go on strike. However, there are situations where, if you cannot resolve issues such as pay parity—and I am not only talking about pay parity east and west coast but pay parity with your counterparts—sometimes you are left with no choice. Workers do not like it.

Senator Thériault: There have been no solutions?

Mr. Bean: No. Again, in a situation of equal pay for work of equal value in the hospital services there should have been a solution. The solution is readily available. Implement the Human Rights Tribunal decision fully, because they are paying the money anyway. It is just a question of whether you pay today or two years from now. You are going to pay it retroactively, except the workers are the people who suffer. Regarding the people who are in the $18,000 salary bracket, any of you try to live on it. Try living on $18,000. I do not know how in hell they survive. They should be getting that money every two weeks in their pay. There can be no justification, because they are going to pay it anyway and that is what that strike is about.

Senator Thériault: I do not think you answered my question as to the effect of closing the Seaway as compared to being on strike now. If the St. Lawrence Seaway is closed on Tuesday, and your strike is settled one way or the other, will those ships that my colleagues talked about be able to get out?

Mr. Bean: I do not know where they are in the Seaway, in what particular position, but it is a pretty good guarantee that some of them will not get out. Some of them may get out, but it is a pretty good bet that a number of them will not make it out. But, again, that is not unusual. Usually every year there are some ships that get caught in the Seaway when it is freeze-up because they enter the Seaway after December 1, knowing that they are taking the risk. When I say after December 1, some of them entered the Seaway just a couple of weeks ago, so they knew what the weather conditions were. They knew that there was a strike. They chose to enter. All of them did not enter prior to December 1. I do not have the numbers because that question was asked at the legislative committee by Mr. MacDonald and he did not receive a response.

[*Translation*]

Senator Thériault: Mr. Chairman, with your leave, I would like to ask another question.

When I see that the brief submitted to us includes amendments, I cannot help thinking that you believe that Bill C-49 will be passed regardless and are submitting amendments for that reason.

Is the amendment to which you strongly object the main amendment which provides for appointing two government representatives to the conciliation board? In my modest experience, this is not normal practice when negotiating an agreement.

So, is that the main amendment you want if the bill is passed?

[*English*]

Mr. Bean: Yes, that is certainly the main one to that degree.

• (1250)

The other one with regard to equal pay for work of equal value has to be there if we are to deal with the issue and complete it. That is the difficulty that we have.

I am not accepting the legislation—I want to make that clear, because we do not—but, recognizing that there is a likelihood someday that the legislation will get through, those are the two main amendments that we have put forth. Actually, we put forth five. We could have put forth many more but we did not, deciding to limit it to five in the hope that the House of Commons would accept those five, because three are technical in nature, and it is not the end of the world whether or not they are made. However, the two key ones are with regard to the chairperson and equal pay for work of equal value.

The Chairman: We have now heard from the witnesses for well over two hours. Senator Muir, I see your hand up, but I have to ask honourable senators if we should continue.

Senator Muir: I have one short question.

The Chairman: Do you wish to go for a second round, honourable senators?

Some Hon. Senators: No.

Senator Muir: May I be allowed to ask one short question of Mr. Bean? Surely honourable senators will agree to that.

Hon. Senators: Agreed.

The Chairman: All right. One short question, Senator Muir, but it will have to be short.

Senator Muir: Yes. I thought there was freedom of speech here, but, in any event, I will proceed.

Mr. Bean, you have archives at the Public Service Alliance offices, do you not?

Mr. Bean: Yes.

Senator Muir: They would deal with labour over the years and the reaction to the situation, and all that sort of thing. This is apropos of what Senator Robichaud said. I agree totally with him. I cannot see why there is not parity in wages on each coast.

Over the years premiers met with the federal government at federal-provincial conferences. Would you check the archives to see what the premiers have proposed with respect to parity of wages over the years, just for your own information?

Mr. Bean: Yes.

Senator Muir: Just see what took place there. Thank you very much.

Mr. Bean: Thank you very much.

The Chairman: Mr. Bean and Mr. Jelly, I want to thank you very much. You have been with us for over two hours as witnesses. We appreciate the time you have spent with us and the information and the answers to questions that you have given us so readily. Thank you.

Mr. Bean: Thank you very much. I would certainly ask you to give the matter serious consideration.

Some Hon. Senators: Hear, hear!

The Chairman: We have three further witnesses and I understand that they will be coming in together. Please invite them to attend the committee now.

Pursuant to Order adopted this day, Mr. Richard Côté, Mr. Bob Cox and Ms. Joann Charron were escorted to seats in the Senate chamber.

The Chairman: Our three witnesses are now present. I would ask you to please raise your hands for identification so that we will know clearly who you are.

We have before us Mr. Bob Cox of the Union of Canadian Transport Employees, Coast Guard; Joann Charron, Hospital Service Employees, Union of National Defence Employees; and Mr. Richard Côté, Union of Canadian Transport Employees, Ships' Crews.

I wish to welcome you to the Senate and to thank you for agreeing to meet with us here. You have had a long wait, but we were busily questioning the previous witnesses. We are happy to have you here today.

Is it your intention that each of you will be speaking?

Mr. Bob Cox, Union of Canadian Transport Employees, Coast Guard: Yes, sir. I should like to start off, if I may. I will then be followed by Mr. Côté and Ms. Charron.

The Chairman: All right. Shall we question you individually after each of your presentations?

Senator Frith: No. Let them all make presentations and then we can put our questions to them.

The Chairman: All right. Is it agreeable to honourable senators that we allow the three witnesses to speak first and then ask them questions?

Hon. Senators: Agreed.

The Chairman: Very well. Please proceed, Mr. Cox.

Mr. Cox: Thank you. First, I would like to thank honourable senators for taking the time to listen to us. We are not here to present a glossy or legalized version of what our problems are. I have brought a member of the ships' crews and a member of the hospital services with me to tell you, the members of the Senate, exactly the circumstances and conditions that have led to the situation as it presently stands.

I should like to emphasize that—and as president of a union I probably should not say this—a strike is not the end-all and be-all. A strike is a situation which no one enjoys and in which no one wins, in my estimation. In this particular instance this is being well proven. A strike is something which is necessitated by a set of circumstances. The circumstances have to be explained, as do the reasons why these people have taken this drastic step.

When someone who makes $18,000 or $20,000 a year goes on strike, it is the result of a serious situation. They have gone from nothing to nothing. This is why they have voted and made a decision to go out on strike—not because they wanted to but because they felt that in order to attain what each one of us has they would have to go to this extreme.

I should like to ask Mr. Côté, who is a ships' crews person aboard a Coast Guard vessel out of Quebec City, to explain basically what has led to this set of circumstances. Following that, I would ask Ms. Charron to do exactly the same thing, if that meets with your approval.

The Chairman: Thank you very much, Mr. Cox. Please feel free to speak in whichever of the two official languages you prefer.

Mr. Richard Côté, Union of Canadian Transport Employees, Ships' Crews: Thank you. Honourable members of the Senate, after being a part of this process of negotiation and mediation, I came to a point where I challenged the seriousness of the whole process. The last blitz of negotiations held last weekend were to be held on a 48-hour basis, but it turned

out to be on a 15-minute basis. That was not a serious negotiation to me.

The Secretary of the Treasury Board has been playing with us for the past two years. That is the main reason why I feel that this whole process is too slow and has not been taken seriously. After all, we are still human beings. To have to go through this and through 24 months of negotiations, talks and mediations is long and arduous to do.

I have had the opportunity to go to different parts of the country—for example, to St. John's, Halifax and Quebec City, the place where I work—to get the feeling of the workers on the picket lines and to hear what they have to go through in their particular field of work. I saw a general discontent towards the employer and its representatives on board ships. I saw people who did not have their basic right of grievance and did not have an opportunity to fight for their rights because they were being blackmailed, threatened—threatened with bodily harm to this extent. These situations should cease immediately.

• (1300)

Mr. Cox: With respect, one thing that has not been discussed on behalf of the Canadian Coast Guard is the myth—and I emphasize "myth"—of search and rescue. As most of you probably know, a group of tragic incidents happened last weekend in the Atlantic. The Canadian Coast Guard was legally on strike, but they put down their pickets—over 100 men and women—and they manned nine ships that left for the areas where the incidents had occurred. These are the people who are "not providing safety to the Canadian public." These are the people who are "heartless and who are on strike." I say again, these are the people who laid down their picket signs, went on board their ships, and tried to save the lives of people in jeopardy in the North Atlantic.

Interestingly enough, a ship called *Alert* is now tied up in St. John's harbour with over six tonnes of water in its hold. *Alert* is a Canadian Coast Guard ship; it had to be towed into harbour by another Canadian Coast Guard ship, *Jackman*. The men and women on board that ship risked their lives because *Alert* lost its generators and all its power. These people sat like corks and bounced in 30- to 40-foot swells while attempting to save somebody else's life, and in doing so they risked their own lives.

Sir, with all due respect, it is very hard for me to believe that anyone could stand in the House of Commons and say that it was necessary to legislate the Canadian Coast Guard and the ships' crew members of the Public Service Alliance of Canada back to work under the broad scope of safety. I cannot in any circumstance buy that.

As I say, nine ships and over 100 members were involved in the rescue attempt to save lives. Tragically, it turned out that they did not save any lives, but, fortunately, they did not lose their own. May I say again, these people were on strike and that is what they did. So I think the veil of safety and the comment about the lack of safety leave a lot to be desired.

Ms. Joann Charron, Hospital Services Employees, Union of National Defence Employees: As I look around this room today I see some familiar faces, faces that I have seen as a cleaner at the National Defence Medical Centre, and they are the faces of people who have used our services. As you know, we are cleaners—dietary personnel, laundry personnel, orderlies, ward assistants, ward runners, lab clerks and so on. Our jobs can be very demeaning at times, and we do not receive the benefits we should. In 1987 a tribunal of the Human Rights Commission told Treasury Board that we indeed deserved an equitable raise so that we would be comparable to the general services groups that carry out similar duties to ours. Treasury Board has neglected to make those payments. They did give us a cheque that was supposed to bring us up to what we deserved, but, unfortunately, that cheque went only so far. We would like to see these payments as part of our collective agreement.

We definitely need certain items in order to survive as hospital services workers. For example, members of my groups cannot afford to take the annual leaves granted them. Instead, they must ask for their money because they cannot afford to take holidays. They need the money to put food on the table. Our wages are low, and with the cost of living of this day and age it is getting harder and harder to meet our commitments to our families. Approximately 48 per cent of our members are at level 2. They will not be touched at all by the equal pay study, and that is why we are asking for a 6 per cent economic increase.

Unfortunately, Mr. de Cotret cannot see fit to give us what we need in order to live for the next little while. Not only is Treasury Board refusing to give us a contract, it is trying to impose back-to-work legislation. It is not Treasury Board who will feel the hurts of the job site; it will be the employees' representatives. For me, it will be the people at DND. I will have to look at grim faces going to work every day, the grim faces of people who are being forced to work without a contract. If the President of the Treasury Board really meant what he was saying in the House about really trying to get us a collective agreement, he would do so by talking to us. Instead, as was mentioned before, out of a 48-hour period, while we stood by and waited, the Treasury Board representatives spoke to us for 15 minutes about the problems we face. When the representatives finally came to give us what they thought was a fair and equitable settlement, we sent it back with recommendations and changes. Treasury Board did not have the decency to come back to us but decided that the mediation talks were over, and that was it. We have never really had a meaningful discussion with Treasury Board, and I really do not feel that Treasury Board wants any kind of meaningful discussion.

The Chairman: Mr. Cox, did you wish to add anything more?

Mr. Cox: No, sir.

The Chairman: Then I thank the three of you for your direct presentations. I note that you are not using a single note but are speaking right from the heart.

The first questioner is Senator Asselin.

[*Translation*]

Senator Asselin: Thank you, Mr. Chairman. My questions are, of course, directed to the three witnesses appearing before the Committee of the Whole. We realize, as you do, how difficult it is for workers when a strike is called. Any strike is disruptive, both for employers and employees.

You may wonder why we have this special legislation to call you back to work. In fact, there is more to it than that. The government's objective today is to protect public safety. I am sure you will not disagree. I am from Quebec City. From where I live I have a view of the river, and I can see the traffic on the St. Lawrence. On some days it is a real mess.

There are oil tankers going up and down the river. Some of these ships got stuck several times under the bridge and there were no icebreakers to get them out. The provincial police had to stop traffic on the bridges at Quebec City for hours because they didn't know what the potential damage would be. We thought there was an emergency for people living in the Quebec City area and this emergency led to the special legislation now before us. This special bill only asks you to return to work. It does not stop you from continuing negotiations with Treasury Board afterwards. I get the impression that you want to object to the passage of this bill and keep pressuring the government, in order to get some improvements with respect to salary and work criteria as described in your representations.

A strike is a pressure tactic. We have the impression that by taking this action, the government is showing that this strike has gone on long enough, that the public interest is at risk and that we should pass this legislation as soon as possible in order to prevent more serious accidents from happening. The buoys you set out last spring are still caught in the ice. They have not been removed. A ship could ram them and cause very serious environmental damage. I have the impression that Canadians would have criticized the Minister of Transport if he had not closed the river to traffic, considering this possibility.

My question is this: Don't you think that because of the emergency situation, the government should act in the public interest? Later, you can pursue your negotiations on working conditions and wage demands. I have the impression Treasury Board is prepared to listen to your demands.

Mr. Richard Côté: Honourable senators, there will be no bargaining. As soon as the government appoints an adjudicator, we go to adjudication.

Senator Asselin: That's the same thing.

Mr. Côté: Adjudication means we have to accept what the employer offers. There will be no free negotiating of the collective agreement once the bill is passed.

Senator Asselin: You will still be able to talk to the adjudicator and to the bargaining committee.

Mr. Côté: From what I saw during the last mediations and negotiations we had, it is pretty hard to negotiate with Mr. de Cotret.

As far as navigation problems are concerned, I can answer that question quite easily. I think the strike could have been settled during the first week, through negotiation. This was not done. There are people, and I am talking about the St. Lawrence River between Quebec and Montreal, who made a few mistakes. There were ships that went out when the ice started to form very quickly. I should say that we had an early fall. The ice conditions we have now are more like what we usually have around the middle of January.

I remember one Thursday, November 15 or 16, when there was no danger at all to shipping in the St. Lawrence. The next day, the Minister of Transport, Mr. Benoit Bouchard, closed the river between Quebec City and Montreal.

Senator Asselin: Do you know why?

Mr. Côté: Yes, Senator Asselin.

Senator Asselin: Because if a ship had struck a buoy, it would have created a problem for the environment. The public would have been the first to blame us if we had not closed the river. That was what Mr. Bouchard was afraid of. I think he was right to make this decision.

• (1310)

[*English*]

Mr. Cox: One thing that should be borne in mind, I say very emphatically, is the fact that the Canadian Coast Guard personnel, who are on strike, had a complete crew ready to man *Radisson* to break the ice in the St. Lawrence River, because we were informed that there were some safety considerations due to the fact that the ice in the river was already forming a natural dam and that the water at one particular time had backed up approximately 18 inches. Under the circumstances, the members we represent in Quebec City—not the Government of Canada but the people who sail on *Radisson*—decided that that was a threat not only to the people of Quebec but to our national safety, as you stated. Sir, those people were prepared to go on board that ship.

Prior to their going on board, two Russian ships sailed the St. Lawrence—one up and one down—and broke up that particular ice jam. Interestingly enough, they are both steel-hulled ships capable of breaking a certain amount of ice. The other interesting point is that, if you check it out, you will probably find that the majority of ships which are tied up in the St. Lawrence also have that same capacity and ability. There should be no great amount of risk if it is done properly.

You mentioned earlier a ship that went sideways in heavy water. It was under 6,000 horsepower and that ship was not capable of maintaining headway in the high force of the river but could navigate very safely in the best of conditions. However, it did turn sideways and there was definitely a problem, but that was not caused by the ships' crews of the Canadian Coast Guard who were prepared to volunteer, while on strike, to go on board *Radisson* to break the ice, to deal with the situation you described.

[*Translation*]

Senator Asselin: You are also aware that some 48 to 80 ships are caught in the ice and will not be able to leave without the help of icebreakers. Obviously, for the government this is an emergency situation. Those people must return with supplies they have picked up in various Canadian ports to reach the ocean. It is very harmful to Canada's economy. That is why we have this emergency legislation.

Mr. Côté: Senator Asselin, our crew members have been on strike for 36 days. We are convinced that the government should have settled this conflict in the first week. The government dragged its feet and avoided the issue so much that we have reached a critical situation. I grant you that.

This conflict should have been settled by a process of free negotiation. Passing a law to force people back on the boats after 36 days on strike is, excuse the expression, like holding a gun to their heads and telling them, "Do your job." I tell you, senator, that I work on an icebreaker and once your bill is passed, I will go back to work and will not leave that icebreaker until May 15. That will create problems for the employer.

Senator Asselin: Should I add that the remarks I am making are confirmed by the pilots' association. The pilots have to board the ships and guide them through the ice. They know the dangers of sailing under such conditions. They are complaining to the government and asking it to solve the problem.

Thank you, Mr. Chairman.

[*English*]

Senator Frith: I should like to get some figures from you. The first figure I require is the spread between the latest poverty line and the present rate of pay of the two groups. The second figure is the spread between the present rate of pay, after tax, and the national minimum wage, which I believe is $5 or $4.50. The third figure is the spread between the present wage and the strike pay, if any. Perhaps, in giving me the spread, you could give me the actual figures as well.

Mr. Cox: As they say in the game shows, senator, in reverse order of merit, I will list the figures I have. The basic salary is $22,000 for a coast guard ships' crew and $18,000 for a hospital services person.

Senator Frith: Is that before tax?

Mr. Cox: Yes, sir. If you make a quick calculation, and divide by 52 for the number of weeks, that would work out to $580.

Mr. Côté: It would be $580 for two weeks, which is $290 a week.

• (1320)

Senator Frith: That is what you are getting now?

Mr. Côté: Well, that is the basic.

Mr. Cox: That is his basic salary. It would be in the area of $290.

Senator Frith: What is the latest poverty-line figure? They bring them out every year, do they not?

Ms. Charron: I believe it is around $21,000.

Senator Frith: I had in mind that it had recently broken above $20,000.

Ms. Charron: After 11 years of service at the National Defence Medical Centre as a hospital services employee, I am making $19,500 per year.

Senator Frith: So that is under the poverty line.

Mr. Cox: Yes.

Ms. Charron: And I am a single parent with two children.

Senator Frith: What is the strike pay?

Ms. Charron: It is $25 per day.

Senator Frith: How many hours do you each work per week?

Ms. Charron: I have a 37-and-a-half-hour work week.

Mr. Côté: It is 40 for the Coast Guard.

Senator Frith: The minimum wage is $160. At $5 per hour, and with a 40-hour work week, that is $200 per week?

Mr. Cox: Thirty-seven times five would be $185 per week, which would be $370 every two weeks.

Senator Frith: What is the spread between what you want and the present figure?

Mr. Cox: Fifty cents per hour would cover everything for all of the groups involved, sir.

Senator Frith: Thank you.

Ms. Charron: I would like to point something out here. I believe the legislation being forced upon us is meant to cover a situation where Treasury Board had missed the deadline for designating us. Usually the hospital services are 115 per cent designated, so even positions that are vacant are designated.

Senator Frith: As essential?

Ms. Charron: As essential, that is right.

Senator Frith: I know there is more to this, but the basic consequence of being designated essential is that you must submit to compulsory arbitration and you cannot strike. Is that it in a nutshell?

Ms. Charron: That is right.

Mr. Cox: You are designated as essential.

Senator Frith: You do not have the right to strike and you must accept the results of an arbitration.

Mr. Cox: Not quite.

Mr. Côté: The Coast Guard has been designated as essential since its inception. We have had 110 per cent designation for the past 25 years and we could not go on strike. It was considered an essential service.

Senator Frith: So it is only recently that you have had the right to strike?

Mr. Côté: Yes. Regarding the pay and the salaries, we have had these situations before, where people do not take their statutory leave and ask the employer to pay them.

Senator Frith: Yes, that was mentioned.

Mr. Côté: Where are we going, gentlemen?

Mr. Cox: One thing that has to be made abundantly clear is the fact that the Public Service Alliance of Canada, as a union, was formed at the same time as collective bargaining was given to the federal government employees. During this period the hospital services employees and ships' crews have never before gone on a legal strike. So there must be something that caused it. Like I said earlier, the people in this salary bracket do not want anything out of line. They merely want the dignity that is accorded to you and me on a daily basis because we are on shore. They do not want people to wait on them hand and foot. They merely want to be able to do the things that a normal adult would be allowed to do, without being chastised and threatened on a daily basis.

I do not think that this strike is entirely over wages. There are many things that are basic union concepts and which, in my mind, should be basic Canadian concepts, such as the pay equity package. How can anybody not agree to something like that? This is 1990, not 1890. This is absolutely asinine, in my mind. Then you turn around and have people on board a ship who have 28 days on and 28 days off under a program called lay days. Some people are on for longer than that. One of our finest ships, and the only one in the Canadian Coast Guard that makes money, is *John Cabot*. It is a cable layer. It sails out of St. John's, Newfoundland. Presently, it is tied up in Baltimore. I have no idea why, except that there is not a crew to bring her home. However, my point, sir, is that it was the ship that picked up the wreckage of the Air India disaster a few years ago, and they were out there for three months. They were on a ship for three months at one stretch. Mr. Côté can tell you about his situation.

Mr. Côté: I will be leaving when this bill goes through and I will not be back home before April. We are going to have to open the St. Lawrence Seaway, so we could get back from Lake Erie and Lake Ontario as late as May. Treasury Board does not want to give us mutual consent on lay days. So on a big ship I would be working on a 42-day basis in order to get 42 days off, or 28 for 28. That will be on the basis of 12 hours a day, from six o'clock in the morning until 7.30 at night, because meal hours are not counted in the 12 hours. We are going back to 1929, before there were any unions in Canada and when people were working 12 hours a day.

Senator Frith: We do not have any ships called *Bounty*?

Mr. Cox: No, but we have some Captain Blighs, sir. There is no doubt about that.

If I may, I would point something out about the lay days. The interesting part of this whole concept is that the Government of Canada does not recognize the fact that the people on board these ships work shifts. Nor will they give them a shift-work package. My understanding is that a person on a ship works a watch. I am sure that Noah worked watches when he had his sailing experience, and he was actually working shifts. However, the Government of Canada refuses to acknowledge the fact that our people actually do work shift work while they are at sea. As Mr. Côté said, working from 6 in the morning to 7.30 at night is quite a substantial shift.

The Chairman: Does that conclude your questions, Senator Frith?

Senator Frith: Yes.

The Chairman: The next questioner will be Senator David.

[*Translation*]

Senator David: Mr. Chairman, with your leave, we will leave the ships and spend some time with our patients. I have a few questions for Mrs. Charron. I would like to know how long the employees in the union you represent have been on strike. How many days?

Mrs. Charron: It was two weeks yesterday.

Senator David: Does your union provide essential services?

Mrs. Charron: Not where I work, but at DND, members of the military are doing our work while we are on strike.

Senator David: Have they been trained to do the same work you do?

Mrs. Charron: Some have, some haven't. Anybody in this chamber or at the hospital can wash floors and walls or change diapers.

Senator David: Didn't you say there wre physiotherapists or other professionals in the union you represent?

Mrs. Charron: Those people are with PIPS.

Senator David: They are not on strike.

Mrs. Charron: No, but the people who take care of patients, mainly veterans, those positions are now being filled by members of the military who are MDs.

Senator David: Does this also apply to the cooks, assistant cooks and people who serve meals?

Mrs. Charron: Yes, there are military cooks who prepare the food and bring it to the patients.

Senator David: Besides the military, are there any other people who do your work?

Mrs. Charron: Where I work, I am not sure, but I don't think so. In other hospitals, various companies charge a high price for providing the same services for which we are paid far less.

Senator David: Do some hospitals use management staff and volunteers as replacements?

Mrs. Charron: Probably in other hospitals, but not in the ones I deal with.

Senator David: Do you have the impression that the lack of services you otherwise provide makes things difficult for patients?

Mrs. Charron: No, I don't think so.

Senator David: Which means that your services are never essential?

Mrs. Charron: They are essential when the government decides they are, but only then.

Senator David: Since you can be replaced and you say that patients are not complaining and are not in any way at risk, we can assume you can be replaced by people who are not trained to do your work.

Mrs. Charron: Yes and no. Yes, because anyone can fill our positions. However, we are very involved in our work and we like working with the veterans. We feel very bad about being outside while our patients are inside.

Senator David: So you don't consider your return to work as being urgently needed to improve the quality of life of the patients, most of whom are chronically ill or elderly people who live in your hospitals?

Mrs. Charron: I wouldn't say essential.

• (1330)

[*English*]

Senator Fairbairn: Ms. Charron, you mentioned that the hospital workers, whom you represent, receive an average wage of $18,000?

Ms. Charron: Between $18,000 and $19,500 is the average wage, yes.

Senator Fairbairn: That is the average wage?

Ms. Charron: Depending on what rate you are hired at. If you are an RNA you are making more money than a cleaner or dietary personnel.

Senator Fairbairn: Is there a particular range? You said after 11 years you are making $19,500.

Ms. Charron: That is right.

Senator Fairbairn: What would the range be within your employees?

Ms. Charron: I am at the top level.

Senator Fairbairn: The top level is $19,500?

Ms. Charron: The top level is $19,500.

Mr. Cox: That is the top level, and she is there.

Senator Fairbairn: What is the lowest level of pay?

Ms. Charron: The lowest level of pay is approximately $18,000.

Senator Fairbairn: Could you give us any idea what the comparison would be with outside work of equal value?

Ms. Charron: I am not sure of the exact numbers but I believe that we are approximately 12 per cent behind, but that was in 1987, so I am not sure what the rate is now. We are probably around 22 per cent behind provincial hospitals that perform the same duties as we do.

Senator Fairbairn: How many workers are involved?

Ms. Charron: There are 1,400 workers across Canada.

Senator Fairbairn: Across Canada?

Ms. Charron: We are not very large. We are a small group and we are not asking for much.

Senator Fairbairn: I know that.

[*Translation*]

Senator Flynn: Thank you, Mr. Chairman. My question is directed to Mr. Côté. I do not think that we could make a detailed assessment of your problems. I think that you realize Senators are fully behind you to the extent that you are right.

Mr. Côté, I noticed in your remarks that you had said that you had come close to a settlement three weeks ago. You said that this could have been settled after one week.

Mr. Côté: No, Senator; this dispute could have been settled if Treasury Board had negotiated in good faith.

I am not saying that a settlement was possible because the offers were absolutely preposterous.

Senator Flynn: Why did you say that this dispute could have been settled?

Mr. Côté: You may have heard me wrong, Senator, or I may have expressed myself badly.

One week after it started this dispute could have been settled by Treasury Board to the satisfaction of all our members through fair and equitable collective bargaining.

Senator Flynn: You do not mean to say that the parties were close to reaching an agreement?

Mr. Côté: No, Senator, because the offers which were made were preposterous.

Senator Flynn: Assuming that the conciliation board provided for under this bill is made up of people acting in good faith, you will recognize that their findings would be likely to improve your situation markedly. They would start from the minimum concessions which have been made during collective bargaining.

Mr. Côté: Senator, the problem is that we did not get many concessions.

Senator Flynn: You have certainly obtained pay equity between the two coasts of this country.

Mr. Côté: On the date the agreement is signed.

Senator Flynn: I understand, but you will certainly get pay equity.

Mr. Côté: We hope so, Senator.

Senator Flynn: You will certainly get an additional amount at least equal to 4.1 per cent. There may be other correctives awarded by the conciliation board.

Do you not think that, under these circumstances, the best thing we could do would be to provide a conciliation board with an opportunity to settle your problem and ask you to go back to work to stop the problem you described earlier from reoccuring?

It is clear anyway that by adopting this bill the Senate hopes that the final result will be acceptable, to a certain extent, to all the parties.

Thank you, Mr. Chairman.

The Chairman: Thank you, Senator Flynn.

[*English*]

Have you anything you wish to add, Mr. Cox?

Mr. Cox: Yes. I think, sir, with due respect, as I explained to the senator from Quebec, that is a good point. Maybe we should be legislated back to work, and then we could have some kindhearted conciliation officer come along and give us a good deal, but the real world does not work that way, sir. We have met with mediators, conciliators and just about anyone you can name over the last two years and we are where we are because of a lack of negotiation, sir, not because we were legislated to be here.

Senator Flynn: You may be right, but I would say that our experience has been that when we have legislated people back to work, in general, the final result has been equitable.

Mr. Cox: Sir, not to be facetious, but I would hope that the offer to speak again would be open if the situation did not come out quite that way at the end of this process.

Senator Flynn: We will see each other at that time and compare notes.

The Chairman: This concludes the questioning, and it is left for me to thank you very much, Mr. Cox.

Mr. Cox: Sir, if I could make a closing statement, and I mean this, please do not take me for a smooth-talking Maritimer who has ended up in the big city. As a Maritimer, I know whence these people have come; and what you, the members of the Senate, have done today, even though you do not realize it—because I hope you are not in the Ottawa syndrome that so many of us fall prey to—is this: you have given a ships' crew person and a hospital services person the opportunity to come to what they feel is the highest court to which they can appeal their situation. You have shown, despite the criticism that is levelled at the Senate all the time, that the members of the Senate are in fact still the same people that came here from the small towns; and you have given us the opportunity, sir, to express the feelings of some small town Canadians again, and for that we wish to thank you very much.

Hon. Senators: Hear, hear!

The Chairman: Mr. Cox, on behalf of all of my colleagues, I thank you, Ms. Charron and Mr. Côté for having come. We are pleased that the Senate can listen to people of Canada in this way; and, on behalf of my colleagues, may I wish the three of you and the two previous witnesses, in spite of your problems, a Merry Christmas and a Happy New Year.

Mr. Cox: Thank you very much, sir.

• (1340)

Senator Murray: Shall I fetch the President of the Treasury Board?

The Chairman: Is the minister available?

Senator Murray: Yes.

The Chairman: The next witness, then, will be the minister himself.

Pursuant to rule 18 of the Rules of the Senate, the Honourable Robert R. de Cotret, President of the Treasury Board, was escorted to a seat in the Senate chamber.

Senator Murray: Mr. Chairman, I am sure that all honourable senators and members of the committee recognize our former colleague in this place, the Honourable Robert René de Cotret, President of the Treasury Board. He has brought with him three officials whom he will introduce, the chief negotiator in the negotiations that have taken place with the unions as well as one representative each of the Department of Veterans Affairs and of Transport Canada.

The Honourable Robert R. de Cotret, President of the Treasury Board: Honourable senators, I will introduce some of my officials. Lucien Tenace is here from the Secretariat of the Treasury Board and handles all labour negotiations and labour management relations. Randy Quail, from Transport Canada, is in charge of the Coast Guard, and David Broadbent is the Deputy Minister of Veterans Affairs. Those are the departments more immediately concerned with the current conflict we are handling.

[*Translation*]

Honourable senators, I am pleased to appear before this Committee of the Whole Senate to discuss Bill C-49.

The bill provides for a process to solve the disputes which led to the strikes of the two bargaining units, the ships' crews and hospital services.

Mr. Chairman, the ships' crews have been on strike since November 11 and the hospital services employees since November 30. Because these strikes are a major threat to the health and safety of Canadians, the bill provides for an immediate return to work. The collective bargaining process has worked well in the Public Service.

I would like to point out that 95 per cent of the agreements were reached without the employees going on strike. Cases where the government must intervene are rare but unfortunately we must intervene today.

Canadians are suffering from the lack of services which are essential to their health and safety.

[*English*]

There are 726 veterans needing care in Sainte-Anne-de-Bellevue and one third of them are bedridden. There are 131 veterans at the Rideau Hospital and 60 veterans in Saskatoon, 29 of whom have been moved back to their homes or to

another hospital. We have an obligation to provide proper care to our veterans. Many of them actually are quite distraught because of the current uncertainty, and this can have serious repercussions on their health.

There are also some 120 ships currently in the St. Lawrence Seaway carrying grain, fuel, iron ore and many other essential products. Closure of the Seaway has serious consequences for the jobs of Canadians, on grain farmers, on people who work in our refineries and on many others. It has serious consequences for the welfare of Canadians who rely on the Seaway to provide them with the energy to heat their homes.

Now the ships cannot access the Saguenay River, for example, and fuel oil will have to be trucked in, increasing risk and cost to Canadians. I can only underscore the fact that this situation is critical. Every day is critical, and I do not have to tell honourable senators that our weather right now is rather inclement. We are suffering a freeze—a deep freeze, practically—that is much worse than we have normally known. The ice is building up and the ships cannot get through. The fuel cannot get through, and Canadians generally in the regions that are dependent on this fuel oil and the refineries that have to deal with it are now at a point where supplies are just not getting through.

We are facing the possibility of having to close the Seaway within a very short period of time, and the closure could be for much longer than in previous years. We have buoys that are not operational any more, buoys that are floating or jammed into ice packs, and they have to be taken out to ensure safe navigation.

Therefore, the legislation before this committee calls for an immediate return to work. It requires the alliance to ensure compliance and provides for fines upon those who fail to comply. But there is one important aspect of the legislation that I wish to underline. The government is not proposing to legislate a settlement. We are providing a process for the fair and equitable resolution of the conflicts.

I can tell senators that there were three options open to us. We could have moved to try to legislate a settlement. I believe that to be the worst of all possible solutions, even at this late stage of a labour dispute. We could have moved for arbitration, but that allows only one individual to rule on the issues. The third option is to move to binding conciliation, which allows each party to appoint one member on the conciliation board and have a chairman oversee the discussions. We opted for the most flexible possible mechanism or process, given a very difficult situation.

The law provides that, immediately after the passage of the legislation, the chairman of the Public Service Staff Relations Board will establish a binding conciliation board for each of the two groups. The two boards, given their composition, with one labour representative and one government representative, will have 90 days in which to resolve outstanding issues. Should it fail to do so, only then will the board render a binding decision. I am willing and the government is willing to accept that kind of resolution, that kind of decision, should we not be able to agree in that period of 90 days.

[Translation]

Mr. Chairman, we made every effort to reach an agreement with the two groups in question. So far, these efforts have been in vain.

Even when the law is in effect, the parties can still come to a mutual agreement. Nothing prevents the two parties from meeting again at the bargaining table. I think that we have reached a point where the employees must return to work without delay in order to avoid any danger to Canadians' health and safety.

That is the basis of the bill before you today. I will be very pleased to answer all your questions, honourable senators.

In conclusion, I would just like to stress that we are at the eleventh hour. As the employer, I can assure you that the government has done everything to try to reach a negotiated agreement. Since there are basic problems, philosophical issues, possibly differences in agenda between the two sides, it is essential today to provide our old veterans with the care they need and deserve and to provide all Canadians with essential transportation services. Thank you very much, honourable senators.

● (1350)

[English]

Senator Frith: Minister, we have had evidence from Mr. Bean, Mr. Cox—you know who these people are—and Mr. Côté, who is one of the negotiating team for the ships' crews, and Madame Charron, who was a member of the negotiating team for the hospital workers. We also have information from an introductory speech by Senator Phillips, who told us about how critical the situation is. I can tell you that I do not think there is any serious argument about the fact that this situation has become serious. I listened very carefully and I hope I did not hear you say that the situation is serious because of the union. You agree. For example, they had nothing to do with the weather or you had nothing to do with the weather, so I want to tell you what I am after rather than take a lot of time to lay the groundwork for it.

I would like you to accept the two amendments that seem to count most for them. The first is the question of naming the members to the board. I understand you know that they object to one of those and they also object to the process of not following the usual arrangement of having the parties make the nominations and then having those nominees pick the chairman. That is a section 8 amendment. I understand that you accept that the principle usually is that the parties pick the nominees and the nominees pick the chairman, rather than legislating it, and at one point you agreed to make such an amendment.

The second deals with the pay equity question. We have a good deal of evidence indicating that the existing conditions here are unusual and really quite anachronistic. I think you know about both the amendments and I am asking you to accept those amendments.

Speaking for myself, I am convinced that they are reasonable. The House of Commons is still in session. We can get the amendments back to them this afternoon and you can still have your bill by the end of the day.

Mr. de Cotret: I would like to be very precise about the amendments here. First of all, you and I know that my friend, Mr. Bean, has certainly insisted that the usual procedure was not to name the chairman of the conciliation board. We have not had very many labour disputes in the federal public sector or service for a number of years so we have to go back quite awhile before getting a flavour for it. It has been done. Quite honestly, in terms of usual procedure, in some cases the chairman of the conciliation board would be appointed—jointly, if you like—by the labour and the employer representatives. In other cases he was clearly appointed.

I can talk about the 1978 back-to-work legislation that Mr. Ouellet introduced in the House, where he appointed Mr. Courtemanche in the legislation. That is a point I think my friend, Mr. Bean, is right about. We talked about that. I do not have any great problem with that particular issue. Whether it has to be an amendment or not is something else.

On the pay equity issue, I had offered at one point to have this matter referred to the conciliation board, which was his request, and we do not have to amend the legislation to do that because, in clause 10(2)(*b*), we mention in the legislation all matters referred to the conciliation board by the chairman of the PSSRB. I am willing to write the chairman of the PSSRB and say, "Fine, I am recommending that the pay equity issue be referred to the board." So we do not need an amendment to do either of these things. We can probably solve some timing issues here and procedural issues very simply.

Senator Frith: Let us pursue that. That is a good start, minister. Thank you.

First, let us go back to section 8. I understand that the unions have an objection to one of the persons named in section 8(1)(*b*). I agree with you that there would be a way to solve that problem without an amendment, and the way to solve it would be for you to undertake, if you can, to have that member not accept appointment, in which case a vacancy would be created, and then you would be under section 8(3). So you could solve that. Is that what you had in mind as a way? That is a way. I did not find your facial expression or body language conveying enthusiasm about my suggestion as to how to do it. Tell me how you think we can achieve the result we know we are both talking about? How can we achieve that without an amendment?

Mr. de Cotret: I can say that I believe it can be achieved. In terms of the specifics of how it can be achieved without amendment, I believe you understand quite well the possible mechanisms that could be used to do that, but we do not need an amendment to achieve this.

Senator Frith: Just give me a few more hints.

Mr. de Cotret: I would fear insulting your intelligence. I am sure you understand full well what I am suggesting.

Senator Frith: It is not completely unconnected with what I was talking about as a method?

Mr. de Cotret: No.

Senator Frith: I understand. You are very familiar with the significance of the words "ministerial undertaking" when it is pronounced in a Senate committee.

• (1400)

Mr. de Cotret: I believe that my record stands for itself on that.

Senator Frith: Do not misunderstand me. I am not talking about whether you have fulfilled your undertakings: I am talking about whether you know what I am talking about when I speak of an undertaking.

Mr. de Cotret: I know full well what you are talking about.

Senator Frith: All right. And we have such an undertaking, then, to achieve that objective without amendment?

Mr. de Cotret: Yes.

Senator MacEachen: That's certainly a hell of a way to legislate!

Senator Frith: My colleagues are suggesting that it is a hell of a way to legislate.

Senator MacEachen: It certainly is!

Senator Frith: However, I will not pursue that. I have asked for an amendment and an undertaking to achieve the objective. The minister has given that undertaking.

Mr. de Cotret: Yes.

Senator Frith: I will not quarrel with my colleagues. I will leave that matter for them to deal with further, if they wish.

You have given us your suggestion on pay equity, but please give it to us in the context of an undertaking. That requires a letter, does it not?

Mr. de Cotret: I am prepared to indicate to the chairman of the PSSRB—who, under the bill, has the clear reference of being able, under paragraph 10(1)(*b*), to refer to the conciliation board "such other matters as the Chairman [of the PSSRB] deems necessary or advisable;"—. I am willing to write to him indicating that the employer feels that it would be necessary and advisable that the matter of pay equity be referred to the conciliation board.

Senator Frith: I want to go back to one thing that I did not get clear on clause 8, although perhaps it was because I was taking for granted that it was implied.

Mr. de Cotret: Clause 8?

Senator Frith: Yes, concerning the conciliation boards. The method that would be used would include consultation with the union, would it not?

Mr. de Cotret: Yes.

Senator Frith: Thank you. Those are all the questions I have.

Senator Bosa: Mr. Chairman, we were told this afternoon that the government owes some $10 million to the members of these unions and that the government is not paying any interest on those moneys. Furthermore, when those funds are paid to the members it will put those members in a higher income tax bracket, which appears to be grossly unfair in that they will have to pay more taxes. Could the minister give us some observations on this?

Mr. de Cotret: First, whenever there is a retroactive payment of any kind the government never pays interest. However, they pay the retroactive payment. We have already paid $28 million. The $10 million is outstanding—it is in the process right now—but the payments will be made.

With respect to the aspect that you are raising about the income tax treatment of the retroactive payments, I would have to check that. That is the first time that I have been asked specifically about the income tax treatment concerning this type of lump sum retroactive adjustment. I would be happy to give you the answer, but I do not have it at the moment. I understand the point that you are trying to make, and I agree that it is a valid one, but I would like to check with Revenue Canada to see how they deal with that kind of situation.

Senator Bosa: I am glad that the minister will look into it, but will you look into it with a view to making it possible—

Mr. de Cotret: I can assure you that I will look at it with a view to being as equitable as possible. The whole purpose here is to ensure that there is equity in the system. If we are giving a lump sum retroactive payment for equity reasons but do not consider the lump sum in an equitable fashion, it is a rather strange contradiction in terms. I will not only look at it but I will also look at it from a favourable perspective.

Senator Bosa: Thank you very much.

[*Translation*]

Senator Denis: Mr. Chairman, in that case there is a provision to spread income over a period of three years. It was adopted several years ago.

Hon. M. de Cotret: Yes, Mr. Chairman, we have legislation that allows us to average income over a period of three years. The question that was raised concerned retroactive payments covering more than three years. If these are paid in a lump sum, is it fair to simply average payments that basically represent salary payments that may cover a period of six or seven years over a period of three years?

I am willing to look into the matter with the Minister of National Revenue, to make sure that the legal provisions are there so that they will get fair treatment. The equity principle dictates our making these payments to our employees. If we turn around and tax these payments outright, obviously there is a problem. I can see the problem here, and I sympathize. If that is the procedure, it is something that doesn't make sense, but I am not sure.

[*English*]

Senator Turner: Mr. Minister, when did the Coast Guard and hospital services workers receive their last raise in pay?

Mr. de Cotret: About two years ago. The contract—

Senator Turner: That is not the point. On January 1, as an MP, you will get an automatic raise, will you not?

Mr. de Cotret: Yes.

Senator Turner: That is just below the cost of living, the CPI, correct?

Mr. de Cotret: Some would say that it is quite a bit below, but it is below the CPI.

Senator Turner: Do you and your colleagues make $21,000 or $18,000 a year? Can you live on that amount?

Mr. de Cotret: No.

Senator Turner: Okay. This is why we have workers out on strike, because you cannot live on $18,000 or $21,000 a year in this country, or any country for that matter. There are thousands—in fact, millions trying to do it.

This is supposed to be the home of democracy. It is about time you started using those principles to look after the workers of this nation. With your large salary you can do anything you want. You and your colleagues all make big money. As you know, it takes a lot of money to buy a house, send children to university, buy groceries and clothes. You do not need a BA to figure out that you cannot live on $21,000 or $18,000. It's about time you got off your seat and negotiated a reasonable contract with these employees, because they keep this country running.

As far as safety is concerned, we had a great display of that last weekend when they risked their own lives. You may be a minister, but you are no better than the employees sitting up in the gallery. I suggest to you that you should negotiate now. We do not need a conciliation board. We need only two home-picked men to negotiate a contract for these workers.

Mr. de Cotret: Negotiation is a basic principle of labour-management relations. We have been negotiating for quite a while with the union in both cases.

The other principle in negotiating is that to reach a deal you need two parties to come to the table. We have been able to do this for 95 per cent or more of the public service. We are willing to negotiate, and our record is there. We have reached negotiated settlements for all but these two groups, which represent 4,000 public servants. But we are far apart.

We tried and tried to come to an agreement, and even as late as last weekend we spent all of Saturday and Sunday—Saturday late in the night and into the early hours of Sunday morning; Friday until five o'clock—to try to reach a negotiated settlement. The positions are not changing; the positions are very rigid. In negotiations there has to be give-and-take. Given that we have a difficult situation in terms of the health, security and safety of Canadians, we felt that we had to move ahead with this legislation.

I should like to tell you that this is the last thing I like to do. I have made that abundantly clear to the unions for the last five years. I do not think that this is the preferred way to reach a settlement. That is why we are negotiating, not a settlement

but a process that will, hopefully, break the deadlock. It is because that cannot be accomplished at the table.

• (1410)

Senator Turner: Mr. Minister, last November the federal cabinet gave their aides a 17 per cent raise. Those people make good money. Was there any negotiation involved in that instance?

Mr. de Cotret: First of all, senator, we could dispute the numbers for a long time. What we did at that point was to set salary scales. We did not give people 17 per cent increases. I can tell you that no one on my staff got a 17 per cent increase, so I do not know where that figure came from. That could be an average of the scales, or something like that.

Senator Turner: Did you then challenge the statements in the press?

Mr. de Cotret: I beg your pardon?

Senator Turner: Did you challenge the statements in the press that said that the issue was that cabinet aides got a big pay increase?

Mr. de Cotret: Yes, definitely, I shall challenge that any day of the week.

Senator Turner: Why did you not challenge it two weeks ago, or back in October or November?

Mr. de Cotret: We did, senator, but the press obviously did not cover that.

Senator Turner: Mr. Minister, you are the boss: you handle the purse strings of your department; you negotiate with government employees, as President of the Treasury Board. Why, then, did you not move in to avoid this strike in the first place? It is the easiest thing in the world for bureaucrats to give a guy 5 or 10 cents an hour more. After all, you make over $100,000 per year. That is why these people are on strike. All they want is a living wage. The working guy does not want too much: he wants a home; he wants enough money to send his kids to university, and enough money to provide a couple of weeks' holidays per year—and he cannot even get that in this great country of Canada.

Sir, it is a disgrace the way in which you negotiate a contract.

Mr. de Cotret: Thank you for your comments, senator.

The Chairman: I believe Senator Gigantès has some questions.

Senator Gigantès: Mr. Minister, there is something about which I am not quite clear; perhaps I was not paying attention. Can you clarify for me the reason the people employed on the west coast and the people employed on the east coast in these categories are paid different wages for what may appear to be the same job, although we have heard claims that it is more dangerous to perform the job on the east coast than it is to drive a ferry from Vancouver to Victoria?

Mr. de Cotret: Senator, I can only repeat what I have said on numerous occasions in the House of Commons: As part of the conversations that were alluded to by the president of the PSAC, I, as the employer, have agreed that immediately upon the signing of the contract we would give parity as between the two coasts.

Your question, senator, was: Why was there a difference? It is a difference that is based historically upon the fact that the two labour markets, the labour market in eastern Canada and the labour market in British Columbia, are very different and the rates were adjusted to those two relative labour markets.

However, given the particular instances in this case, we were willing from the very beginning to move towards parity between the two coasts. Therefore, through negotiations, I agreed with the president of the PSAC to move that date up so that the two groups would be on an equal footing as of the date of signing of the contract. I have made that offer publicly; it is noted in *Hansard*; it is there for all to see, and that offer still stands. Therefore, the minute we have a settlement the two groups—namely, the east coast group and the west coast group—will have identical wage scales and they will be adjusted, obviously, for the east coast group upwards to the level of the west coast group.

Senator Gigantès: Why then, Mr. Minister, do the unions worry about this?

Mr. de Cotret: Your question is: Why do they worry about this? I suppose the reason is because it is not signed and delivered. However, I have stood in the other place on at least three occasions and have stated this position of the government. As I said previously, that is recorded in *Hansard*. However, if they want a signed letter from me, I can do that too. But, in my opinion, *Hansard* is as good as any other piece of paper you can get. It is a government undertaking.

Also, senator, I would like to underline that this is not a small item in terms of a percentage increase for the group as a whole. It is an important request by the unions, and one that we are prepared to meet. We have said that publicly, openly. And even though it is not my custom to negotiate on the floor of the House of Commons, in this case, because it was of major concern, I did rise and say on at least three occasions that we would give full pay parity between the east coast and the west coast on the date of signing. Therefore, the minute we have a deal it is done.

Senator Frith: With any retroactivity that is within the agreement?

Mr. de Cotret: There is no retroactivity to the—

Senator Frith: But you might negotiate such?

Mr. de Cotret: Senator, we will leave that to the table.

Senator Frith: But that is not foreclosed?

Mr. de Cotret: No, it is not foreclosed, but I have never made any commitment on retroactivity.

Senator Frith: Senator Gigantès, you will excuse me for that supplementary. I just wanted to clarify that point.

Senator Gigantès: Mr. Minister, you have made those statements in the House of Commons—

Mr. de Cotret: And I have just made it here also.

Senator Gigantès: Yes, and presumably you have talked to the unions about it, but they still do not seem comfortable. What have your officials found out about the reasons for their discomfort on this issue? In other words, why are they acting as if they do not believe you?

Mr. de Cotret: Senator, there are still negotiations going on in terms of some of the issues that Senator Frith was raising. On this point, it is clear that the union is well aware of my position. As I mentioned, I said it in the other place; it was during Question Period and it has been on television. I do not see why any Canadian who is interested in seeing a clip of that cannot do so. It is not exactly a secret message that I sent to anyone. It has been done very openly, and the offer is there.

The Chairman: Honourable senators, I see no other hands raised, so this will conclude the questioning of the minister.

I want to thank you very much, Mr. Minister, and your colleagues, for appearing here today.

[*Translation*]

So, Mr. Minister, on behalf of all senators, I wish you a merry Christmas.

[*English*]

Is the committee prepared to proceed to clause-by-clause consideration of the bill?

Hon. Senators: Agreed.

The Chairman: Shall consideration of the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall consideration of clause 1, the short title, be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 5 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 7 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 8 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 9 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 10 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 11 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 12 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 13 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 14 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 15 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 16 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 1, the short title, carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, the sitting of the Senate is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Gildas L. Molgat: Mr. Speaker, the Committee of the Whole, to which was referred Bill C-49, to provide for the resumption of certain government services, has examined the said bill and has directed me to report the same without amendment.

● (1420)

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Orville H. Phillips: With leave of the Senate, I move that this bill be read the third time now.

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

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, if this bill passes, I believe that it should pass on division, and I would like to explain why. I know not that all honourable senators share my feelings, but, as I said in my

earlier remarks, I find it frustrating that we always seem to be voting for bills—and this was so even when I was on the other side—that produce these results. It is not that one side is always in the right and the other side is always in the wrong; it just seems that we always end up sticking it to the workers. As they say, when the day is over the side that we always pick to support is the side that represents the economic interests of everybody except the workers. When we vote to do so and take that stand, we prove, to paraphrase Noel Coward, that the business classes have still the upper hand.

I never know what to say to the workers when we pass such legislation. I, like many others in this chamber, have supported the right to strike and, in doing so, have recognized that it will produce economic difficulties. In this case the minister did not blame the union for the situation in which we find ourselves, but, when we come right down to it, we always have to ask the workers to go back to work rather than asking others to accept the economic inconveniences flowing from the strike. So it is only a partly satisfactory reason, but that is why I want to pass this legislation on division. I simply want to express the sense of frustration I feel when, to repeat what Senator Phillips said, "we find ourselves in this déjà vu situation."

Senator Phillips: Honourable senators, I merely want to express my thanks to all of you for your cooperation in expediting this bill, and, without being ungrateful, may I suggest that we give consideration to applying the same practice to Bill C-21?

Senator Frith: I knew it couldn't be true! The ghost of Christmases past came back to haunt him!

Motion agreed to and bill read third time and passed, on division.

UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Allan J. MacEachen (Leader of the Opposition) moved the second reading of Bill S-12, to amend the Unemployment Insurance Act.

Hon. Orville H. Phillips: Honourable senators, I am sorry to interrupt Senator MacEachen, but, before he begins, I have had a number of requests from this side that the television lights be turned off, because the cameras have left. That will be done.

Senator MacEachen: Well, I am sorry to have been denied the spotlight that Senator Phillips has basked in for the past three hours—

Senator Flynn: You have had it on so many other occasions!

Senator Phillips: Wherever you are is the spotlight!

Senator MacEachen: —but that is all right, because we on this side are accustomed to adversity. Earlier in the day I said that I would begin the debate on this bill. I intend to do that and to continue the debate at the next sitting of the house. My purpose is to take account of the present exigencies and the expectation that Royal Assent will be sought at a reasonable time.

The purpose of the bill, which has been advanced to second reading, is to amend the Unemployment Insurance Act. I had indicated that at some point I would like to say a word about whether or not the procedure is justified, and I shall do that, but I would like to begin by referring briefly to the purpose of the bill.

We all know that section 6(3) of the Unemployment Insurance Act, which is now in effect, provides the general rule that an individual must work 14 weeks to be eligible for unemployment insurance benefits. We know that in 1977 the government, in order to take into account regional disparities, introduced an amendment to the act that provided for a variable entrance requirement. Although the general rule of 14 weeks would continue to apply, in areas of higher unemployment a worker would be eligible for benefits even though he had not worked the full 14 weeks. The entrance requirement was adjusted to the rate of unemployment in various regions of Canada. I shall not go into the rates that were put into effect, but this amendment to which I have referred, made initially in 1977, had a set lifespan of seven-and-a-half years, beginning December 7, 1977. The provision expired in 1984.

However, the variable entrance requirement was continued each year by an individual bill introduced by the Government of Canada, and every year since then the Senate has passed that simple bill. In fact, the most recent extension of the variable entrance requirement occurred in September 1988, just before the election. The government introduced Bill C-158, which extended the variable entrance requirement to January 6, 1990. So the formula has been to extend the variable entrance requirement for an additional year.

Leaving aside the provisions of Bill C-21, if the variable entrance requirement is not renewed by Parliament by January 6, 1990, it will lapse, and everyone in Canada will be required to work for 14 weeks before being eligible for benefits. The purpose of my bill is simply to do what has been done every year since 1977. It is to provide for a provision that has been in effect every year since 1977.

• (1430)

Having said that, honourable senators, I should add that if this particular bill had the fortunate history of moving into the House of Commons and being accepted, it would, according to the terms of the bill, be in effect until 1991, if nothing else happened, but, if Bill C-21 is adopted, of course, Bill C-21 will take precedence. The effect of this bill is to ensure that the variable entrance requirement will be in effect for any period between January 6, 1990, and the passage of Bill C-21.

It is now clear to me that it is not possible to clear Bill C-21 by January 6, and some weeks will probably lapse between January 6 and the passage of Bill C-21. It is to that interim period that this bill is addressed. In other words, those workers in regions of high unemployment will not be penalized for that short period of time between January 6 and the passage of Bill C-21. I will return to the substance of this later.

Senator Murray did, of course, say immediately that this bill looked like a money bill and therefore it normally ought not to be introduced in the Senate. That, of course, is the general rule. I must say that when I looked at this question I was surprised to discover that both the British House of Lords and the Senate of the Canadian Parliament have in the past acted to set on their way money bills by adopting a technique based upon the authorities, authoritative comment and upon bills passed in the House of Commons.

Perhaps I should begin with quoting from *Beauchesne's*, Fourth Edition, at page 229, citation 281, where it states:

> If it is found convenient to introduce Bills involving public expenditure in the Senate, in such a case, the money clauses are embodied in the Bill as presented, in order to make it more intelligible. When the Senate goes into committee on the Bill, these clauses are ordered to be left out. They are printed in red ink or italics in the engrossed Bill sent up to the Commons, and are technically supposed to be blanks.

It sounds unusual, but I assure you that it has happened, as I will explain later. *Beauchesne's* goes on to state:

> These clauses are always considered in a previous committee by the Commons, and then regularly referred to the Committee of the Whole on the Bill.

I believe Bourinot confirms this procedure, when, at page 493, he says:

> It is frequently found convenient to introduce bills involving public expenditure in the Senate, and in such a case, the money clauses are embodied in the bill as presented, in order to make it more intelligible. When the Senate goes into Committee on the bill, these clauses are ordered to be left out. They are printed in red ink or italics in the engrossed bill sent up to the Commons, and are technically supposed to be blanks.

We therefore have a rudimentary introduction to the subject from both Beauchesne and Bourinot. I was greatly interested to find that the matter was fully discussed and considered in the Senate in previous years and in relatively recent times by the late Honourable John J. Connolly, who dealt with the matter on August 29, 1966; Senator Salter Hayden, who dealt with it in 1978 in the introduction of a bankruptcy bill; and, subsequently, Senator Flynn, when he introduced a bill respecting bankruptcy and insolvency.

Senator Connolly set out the general constitutional position when he introduced a bill in the Senate which he thought had financial provisions or had appropriation clauses. He said:

> I draw honourable senators' attention to the fact that government bills which are purely financial in character, which appropriate a part of the public revenue, which impose a tax, are not properly introducible in the Senate.

He then went on to cite sections 53 and 55 of the British North America Act. Having laid out the general rule, he went on to say:

> There is another category of bill which qualifies for introduction here because of a Canadian practice and a background of Canadian precedent.

He then went on to quote *Bourinot*, which citation had been drawn to his attention by the Clerk of the Senate. He further went on to cite instances in which bills with financial provisions were introduced in the Senate and sent to the House of Commons under a technique which I shall describe later.

Subsequently, Senator Salter Hayden, in 1978, drew quite heavily on the previous statement made by Senator John Connolly and drew to the attention of his colleagues that the bill which he was introducing at that time on bankruptcy and insolvency had certain clauses in italics. If honourable senators will look at the bill which I have introduced there is found the appropriate clause in italics and there is an explanation indicating why that is done.

Perhaps it would be best for me to quote the brief explanation given by Senator Salter Hayden when speaking on Bill S-11 on April 4, 1978. He said:

> . . . I will point out that an examination of the bill will reveal that several clauses are printed in italics. The reason for this is that the government feels that these clauses, by implication at least, involve the appropriation of public money, and under section 53 of the British North America Act, money bills must originate in the House of Commons. Therefore, where bills have incidental references involving the expenditure of public funds, there has developed a practice of making . . .

Although it indicates here that he said "making", I believe he intended to say "marking". He goes on to say:

> . . . the particular clauses so that a Senate committee will not deal with them when it considers such bills. As a matter of fact, the practice which has developed is one of deleting those clauses. The purpose of the italics is to make easily identifiable those clauses with which the Senate has no power to deal.

● (1440)

So Senator Hayden set out the principle that I am employing in this bill. I am pleased to note that on April 5 of the same year Senator Flynn addressed himself to this particular subject and said as follows:

> I have been in the Senate over 15 years and I have not yet seen in operation the process advocated by *Bourinot* and which is followed in the House of Lords, of putting certain clauses in blank, or in italics, or in red. I think Senator Connolly . . . mentioned that in the debate of 1966. These were indicated as not being the concern of the Senate nor of the committee of the Senate. This is the first time, to my knowledge, that we will have experienced that.
>
> I am very much interested in and am in favour of that technique.

Then Senator Flynn goes on to make some further comments. In fact, Senator Flynn did, himself, introduce in 1979 a bill in which certain clauses were put in italics, and he

explained himself, relying again on Senator Salter Hayden, in the following words:

> As mentioned by Senator Hayden when he tabled Bill S-11 and Bill S-14, predecessor to this legislation, the clauses involving a parliamentary appropriation are identified so that they will not be approved by the Senate. The only way to have this kind of legislation passed by the Senate before the other place is therefore to print in italics the provisions including the appropriation of monies, so that these provisions will not be passed in the Senate.

It so happens that Senators Flynn and Hayden, in their analyses, were dealing with bills having to do with insolvency and bankruptcy, in which they intended to employ this process. Unhappily, we could not determine the future history of those bills because they died in the Senate. They were not proceeded with because of the effluxion of time or, I think in Senator Flynn's case, the coming of the 1979 election.

In the case of the bill that was introduced by Senator Connolly, it was discovered in the committee of the Senate that Senator Connolly was excessively scrupulous and meticulous and that the provisions which he had italicized were not indeed appropriation provisions, and the Senate committee said to the honourable leader of the Senate, "These are not money provisions. We are taking away the italics."

I think I have given you enough to suggest that what I am proposing is not exactly pulled out of the atmosphere with no application in the Canadian Senate. You will have noticed that there is an italicized clause in this particular bill I am proposing, which is the appropriating clause. How was such a clause handled in the past? I was interested in finding out, and I did. The best example we could find had to do with a bill introduced in the Senate in May of 1921 by the Honourable Sir James Lougheed. It was a bill respecting the Lake of the Woods and other waters.

Senator Murray: This is a low blow.

Senator Frith: Peter's father.

Senator Murray: His portrait is hanging in the hall.

Senator MacEachen: Yes, a very apt selection, I thought.

Senator Fairbairn: Absolutely.

Senator Frith: Whose son did not run for the new system in Alberta, the elected Senate.

Senator MacEachen: The bill was introduced and read the first time in the Senate on May 23, 1921—before even I was born. The bill has the regular format, but there is an introductory note which says:

> NOTE: *Clause 8, in italics, does not form part of the Bill. It has been printed for information only and will be struck out at the Third Reading of the Bill, the intention being that it shall originate in the House of Commons.*

Now, you have to have a willing partner in the House of Commons, and I am not sure that I will have a willing partner.

Senator Frith: Let's not foreclose that possibility.

[Senator MacEachen.]

Senator MacEachen: One may live in hope. So the introductory note tells us that clause 8 in italics does not form part of the bill. Sure enough, the bill does contain a clause 8 in italics, which reads:

> *The expense of administering this Act and the regulations made thereunder may be paid out of any unappropriated moneys of Canada.*

So we do have the clause italicized, and it is the appropriation clause. The bill was passed by the Senate on May 25, 1921, and if you look at the bill as passed by the Senate and sent to the House of Commons you will see that clause 8 is blank.

Senator Murray: Let the record show that the honourable senator held up the document and pointed at the space.

Senator MacEachen: I am sorry I do not have the cameras here now for this "Exhibit 1".

Senator Grafstein: The Leader of the Government in the Senate confirmed it is blank.

Senator MacEachen: Anyway, the bill was passed in the Senate, and we see, when it got to the House of Commons, in their records:

> A Message was received from the Senate informing this House that the Senate had passed the following Bill,

And it is an act respecting the Lake of the Woods and other waters. Then a number of bills from the Senate were read the first time and ordered for second reading at the next sitting of the House, and included in those bills was Bill 216, an act respecting the Lake of the Woods and other waters. Mr. Meighen, after having launched the bill into the Commons, moved:

> That the House do go into Committee of the Whole, tomorrow, to consider the following proposed Resolution:

And the resolution which was to be considered concerned the blank clause 8, and it reads as follows:

> Resolved, That the following provision be inserted as clause eight in Bill A6 from the Senate.

And the clause is:

> The expense of administering this Act and the regulations made thereunder may be paid out of any unappropriated moneys of Canada.

Then Mr. Meighen advised the House of another key step which would be necessary:

> Whereupon, Mr. Meighen, a Member of the King's Privy Council, informed the House that His Excellency the Governor General, having been informed of the subject matter of the said proposed Resolution, recommends it to the House.

So Mr. Meighen had received the royal recommendation, which is an essential prerequisite for the introduction of a financial bill in the House of Commons. On May 31, 1921, the House went into committee to consider the resolution, and the resolution was adopted in the committee that the provision be inserted as clause 8 in Bill A6 from the Senate. The resolution

was then reported and the bill was read the second time. The bill was then again considered in Committee of the Whole before receiving third reading on May 31. It was passed as amended. Then the amended bill was sent back to the Senate to have it concur in the amendment made by the House of Commons. It is all there, and it is very interesting procedure.

There is another bill which provides an even better illustration.

● (1450)

Senator Murray: From Sir John A. MacDonald, I suppose.

Senator MacEachen: I must say that I have found very good authorities that would sway Senator Macquarrie, if no one else, on the other side when I quote Mr. Meighen.

Senator Macquarrie: You know the good Tories all right.

Senator MacEachen: The other bill is dated 1947, but I will not go into it in great detail. It was a bill introduced in the Senate by the Honourable Senator Copp, an act to amend the National Parks Act. That bill levied a tax. In that case they had the clause sidelined, and the bill was sent back to the Commons where the same procedure was followed.

I promised Senator Murray that I would explain what I was doing. I must say that when I started looking into this I never thought that there would be a procedure in the Canadian Senate that would allow it to introduce a money bill in the pure sense, but here is a technique or practice that would at least allow the Senate to give the House of Commons an opportunity to put in an appropriation clause where necessary in a bill originating in the Senate.

The other recent precedents which I described earlier are very good, and they have been supported by at least one living member of the Senate, Senator Flynn, who joined Senator Hayden and Senator Connolly as the modern commentators on this particular procedure. The late John Connolly had gone into some detail about a similar practice in the House of Lords. In fact, he had apparently consulted the Clerk of the House of Lords and brought a memorandum on the subject back to Canada. But there is no doubt that the procedure has been used in Canada. Though it is not used every day, it is certainly a way by which the government could introduce money bills in the Senate—

Senator Murray: Think of the possibilities!

Senator MacEachen: —and increase the workload of the Senate. But we in the opposition will only use it rarely.

Senator Phillips: Senator Kenny uses it in the Internal Economy Committee now.

Senator MacEachen: I promised that I would only go into the procedure. That is the procedure that I attempt to follow, and you will see that clause 2(2) of Bill S-12 is in italics and that the procedure I have described would be followed to get the bill into the House of Commons. What happens in the House of Commons is their business.

With your consent, I should like to adjourn and deal with more on the substance when we resume.

Hon. Senators: Hear, hear!

Senator Barootes: Could you hold up the bill from Meighen's time again, please? You were good enough to hold it up when you asked us to look at it. Is there any significance in the black border around it?

Senator MacEachen: I have another one. There is a black border around Meighen's bill, but it has no significance. Here is another bill introduced by Senator Perrault.

Senator Barootes: I thought the black border meant something on letters.

Senator MacEachen: No.

Senator Gigantès: Xerox machines do that sometimes, Senator.

Senator Barootes: Oh, excuse me.

Hon. Heath Macquarrie: Before we adjourn, I could recall to Senator MacEachen, noting what he said about Senator Connolly, that, when he and I were at a CPA meeting years ago, he took me over to the House of Lords. Clearly he talked about techniques that I was not privy to. Perhaps next time you will have given thought to what Sir Richard Cartwright thought of this technique.

Senator Murray: Look it up!

On motion of Senator MacEachen, debate adjourned.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

15 December 1989

Sir,

I have the honour to inform you that the Honourable John Sopinka, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 15th day of December, 1989, at 3:45 p.m., for the purpose of giving Royal Assent to certain Bills.

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

The Honourable
The Speaker of the Senate
Ottawa

BUSINESS OF THE SENATE

Hon. Orville H. Phillips: Honourable senators, I ask that all remaining orders stand.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*g*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday next, 19th December, 1989, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

• (1500)

At 3.45 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable John Sopinka, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Acting Speaker, the Honourable Steve Paproski, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that Her Excellency the Governor General has been pleased to cause Letters Patent to be issued under her Sign Manual and Signet constituting the Honourable John Sopinka, Puisne Judge of the Supreme Court of Canada, her Deputy, to do in Her Excellency's name all acts on her part necessary to be done during Her Excellency's pleasure.

The Commission was read by a Clerk at the Table.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide for the resumption of certain government services (*Bill C-49, Chapter 24, 1989*)

An Act relating to the forgiveness of debts incurred or assumed in respect of certain official development assistance loans made by the Government of Canada to the governments of certain countries in sub-Saharan Africa (*Bill C-10, Chapter 25, 1989*)

An Act to amend the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act (*Bill C-36, Chapter 26, 1989*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, December 19, 1989, at 2 p.m.

THE SENATE

Tuesday, December 19, 1989

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

Prayers.

CANADA ELECTIONS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-47, to amend the Canada Elections Act.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

CANADIAN SPACE AGENCY BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-16, to establish the Canadian Space Agency and to provide for other matters in relation to space.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*English*]

TRANSPORT AND COMMUNICATIONS

FIFTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Finlay MacDonald: Honourable senators, I have the honour to present the fifth report of the Standing Senate Committee on Transport and Communications, concerning the Stephenville, Newfoundland Inquiry.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 944.*)

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

On motion of Senator MacDonald, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

CHILD POVERTY AND ADULT SOCIAL PROBLEMS

INTERIM REPORT OF SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TABLED

Hon. Lorna Marsden: Honourable senators, I have the honour to table the ninth report of the Standing Senate Committee on Social Affairs, Science and Technology, entitled "Child Poverty and Adult Social Problems".

Report tabled.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

THIRTY-FIRST REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, December 19, 1989

The Standing Senate Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRTY-FIRST REPORT

Your Committee wishes to inform the Senate that it has adopted (i) an administrative policy on uses of taxi services; and (ii) an administrative policy on materiel management.

Copies are available from the Office of the Clerk.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

TENTH REPORT OF COMMITTEE PRESENTED

Hon. Lorna Marsden, chair of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, December 19, 1989

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

TENTH REPORT

Your Committee, which was authorized by the Senate on June 21, 1989 to examine and report upon the relationship between childhood poverty and certain significant and costly social problems that manifest themselves in adult life and on measures that might better alleviate such problems, respectfully requests that the presentation date of its final report be extended from 31 December, 1989 to no later than 29 June, 1990.

Respectfully submitted,

LORNA MARSDEN
Chair

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

On motion of Senator Marsden, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

SPECIAL COMMITTEE ON BILL C-21

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Jacques Hébert: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*a*), I move:

That the Special Committee of the Senate on Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, have power to sit at three thirty o'clock today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

THE SENATE

CONSTITUTIONALITY OF ELECTION IN ALBERTA TO FILL VACANCY—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I should like to ask the Minister of State for Federal-Provincial Relations if he can help me clear up some confusion that has arisen as a result of his meeting in Edmonton yesterday. He is reported to have said that the Alberta Senate election process was both "confusing and unconstitutional". At the same time he said that he agreed to urge Prime Minister Brian Mulroney to appoint Alberta's elected Senate nominee Mr. Stan Waters. He went on to say that it was up to Mr. Mulroney to make the appointment, but that he was going to urge him to do so.

I wonder if the minister is now proposing to do things that are unconstitutional, in his view?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, with regard to the second half of the question, the Canadian Press news agency report of my remarks was incorrect. The honourable senator will be pleased to know that the *Edmonton Sun* and *The Edmonton Journal* got it right, and for his information and the information of honourable senators I would place on the record the direct quotation from the transcript of my news conference in Edmonton.

> Premier Getty and Mr. Horsman restated the well-known position of the Government of Alberta on that matter to me: that the decision should be made by the Prime Minister to recommend the name of Mr. Waters to fill the present Senate vacancy in Alberta. I have simply taken note of the matter. I will so report to him . . . the Prime Minister.

So, honourable senators, I am not urging the Prime Minister to exercise his prerogative in any particular way or to appoint any particular person to fill the Alberta Senate vacancy.

With regard to the first part of the question, I did no more than repeat almost word for word what I said in this chamber on several occasions, most recently on November 7, to the effect that not even the Parliament of Canada would have the right to elect a senator, that it would take a constitutional amendment to do that.

• (1410)

Senator Olson: I appreciate that explanation, honourable senators. I had not seen the report in the *Edmonton Sun.*

Senator Barootes: Of course, you would not be reading the *Edmonton Sun*; it's a Conservative newspaper!

Senator Olson: You cannot be as broadminded as I am without having a broad spectrum of information. At any rate, the minister said that he was not urging the Prime Minister to make an appointment at any time. This vacancy has been in existence for about 18 to 24 months. I was going to say that this minister probably has the highest responsible position short of the Prime Minister's prerogative, but surely he is charged with the responsibility of doing things with respect to the Constitution and the Senate. If he sees no urgency at all, does that mean that we can expect the vacancy to remain unfilled for quite a long time?

Senator Murray: Honourable senators, there are now nine vacancies in the Senate. The vacancy from Alberta is not, I believe, the vacancy of longest duration.

Senator Olson: There are ten, I think.

Senator Frith: It is ten now.

Senator Murray: I am sorry, it is ten. The Deputy Leader of the Opposition corrects me. There are ten vacancies in the Senate. Some, I believe, predate the vacancy in Alberta. The Prime Minister will fill these when he judges the time to be appropriate. Meanwhile, the 94 of us who are left here will just have to—

Senator Frith: Soldier on!

Senator Murray: —struggle along.

SENATE REFORM

REPORTED COMMENTS OF PREMIER OF BRITISH COLUMBIA—GOVERNMENT POSITION

Hon. Jack Austin: Honourable senators, Senator Murray will know that as a result of the Senate vacancy that arose in British Columbia due to the death of Senator Nancy Bell, the Premier of British Columbia, Premier Vander Zalm, has announced that he intends to hold public hearings in British Columbia to canvass the options for Senate reform and that, according to this press release, he will adopt the proposal that receives the greatest public support. He went on to tell reporters the following:

> We could incorporate in Meech Lake a change which would require a simple resolution in each legislature.

He also said that B.C. will try to have Senate reform tied to approval of the proposed Meech Lake amendment. He then went on:

> I realize we have a bit of an ace right now in dealing with Senate reform. The real objectors to Senate reform will be Quebec and Ontario; the strongest promoters of Meech Lake are Quebec and Ontario. If we can bring the two together (Meech Lake and Senate reform), we might be able to accomplish the sort of Senate reform that will give us fair representation to British Columbia.

I have three questions for the government leader. First, has he had discussions along these lines with Premier Vander Zalm? Second, is there any agreement in principle to link Senate reform and the current Meech Lake arrangement? Third, does the government leader agree that Ontario and Quebec are the chief obstacles to Senate reform?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, reference to a Meech Lake amendment in the statement attributed to Premier Vander Zalm does puzzle me. There is no Meech Lake amendment, and, for the reasons that I have stated on many occasions, an attempt to amend the Meech Lake Accord would put the country back on a constitutional treadmill that I believe would be endless. It would start the three-year time clock ticking again; there would be elections, possibly changes of government and possibly changes of position. It would be miraculous, as I have indicated before, to achieve the degree of unanimity that would be required to amend Meech Lake in the time that is left to us.

So far as finding a way out of the current impasse is concerned, I have found the approach taken by Premier McKenna—that of a parallel accord—to be perhaps more promising than reopening and amending Meech Lake.

However, a simple resolution to achieve Senate reform seems to me to be some distance off. Premier Vander Zalm has called public hearings in B.C. on the question of Senate reform. I applaud him and the Government of British Columbia for that initiative. Alberta has had its hearings and its task force has come up with a design for a reformed Senate. In that respect, they are some distance ahead of all the other jurisdictions, with the exception, of course, of Newfoundland, whose premier has put forward his own design for a Three-E Senate, which differs in some very important respects from the Three-E Senate proposals put forward by Alberta. The Manitoba task force has suggested hearings on Senate reform, and so it goes.

In my travels I am seeking ways and means of intensifying and accelerating the process of senate reform so that first ministers will be better prepared for the conference on Senate reform, which will take place on November 1, 1990, somewhere in western Canada, provided, of course, that Meech Lake is ratified first.

Senator Austin: I appreciate the minister's review of the issue. I take it that the short version of what he is saying is that Premier Vander Zalm will be unsuccessful in attempting to link Senate reform to a parallel accord prior to June 24, 1990.

Senator Murray: I have only just heard, for the first time, the statements attributed to the premier. However, he seems to be anticipating the outcome of the hearings that he himself has launched in British Columbia. Senate reform is a second-round issue. It has a preferred position on the Constitution agenda for the second round. Naturally, as I say, I am interested in seeing that all of the provinces and the federal government are well prepared for the November 1, 1990, meeting, and we will work to that end. However, it is a second-round issue.

[*Translation*]

CONSTITUTIONALITY OF PROVINCIAL ACT TO ELECT SENATOR—GOVERNMENT POSITION

Hon. Martial Asselin: Honourable senators, I have a supplementary for the Leader of the Government. Does the government intend to test the constitutionality of a law passed by a provincial legislature which provides for the election of a senator?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, no, no decision has been made in this respect.

• (1420)

[*English*]

THE CONSTITUTION

NATURE OF PARALLEL ACCORD

Hon. Philippe Deane Gigantès: Honourable senators, I have a supplementary question. The Leader of the Government mentioned a parallel accord in the context of proposals by Premier McKenna. Would this parallel accord be an accord to alter the Constitution or an accord for the 11 governments to pass decisions through their legislatures, binding themselves but not doing so through an amendment of the Constitution or of Meech Lake?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that is a very good question, but it is not for me to answer it. The concept of a parallel accord, as I told the Senate a few days ago, comes from Premier McKenna. He will, I think, elaborate on the proposal as time goes on. How it would work procedurally and what it might contain substantively are questions that remain to be determined.

As I indicated the other day, it could be anything from a political agreement among some or all of the parties to undertake certain constitutional reforms at a later date up to an agreement among all or some of the parties on an actual constitutional text; or one legislature or another could start the ball rolling with constitutional amendments. The concept, it seems to me, is quite fluid, and we have not really defined how a parallel accord would work or what would be in it.

The point I have made is that it seems like a more promising prospect to explore than that of reopening and attempting to amend the Meech Lake Accord, with all that that implies, including starting the three-year time clock and the other factors that I have mentioned.

THE SENATE

CONSTITUTIONALITY OF ELECTION IN ALBERTA TO FILL VACANCY—GOVERNMENT ACTION

Hon. Heath Macquarrie: Honourable senators, I rarely ask supplementary questions—in fact, I rarely ask any kind of questions at all, since curiosity is not my big thing.

Some Hon. Senators: Oh, oh!

Senator Macquarrie: But Senator Olson did use a word which prompted me to quicken my interest. He used the word "unconstitutional". I do not know to whom he was directing that, but I wonder, as I ask the Leader of the Government the question, if, in this important matter of Alberta "senatorship", he is aware of a brillant article written by Professor Heard of the Department of Political Science of Dalhousie University, which has produced so many able people through the years.

In that article the professor argued cogently that for the Prime Minister to appoint a person who had reached that stage of attention and notoriety in a process was totally unconstitutional—as was indicated many, many years ago in the case of the Initiative and Referendum Act of Manitoba. This brought a clear, ringing and definitive verdict from the Judicial Committee of the Privy Council. To repudiate this ruling would be causing the great custodian of the Constitution, the Prime Minister, to commit an act which was unconstitutionally based.

Has the distinguished Leader of the Government borne that in mind? If his advice is sought by the Prime Minister, would he reflect on that serious caution from Professor Heard? It reminds me of my old studies of Immanuel Kant, whom I found very hard to comprehend, but he once said: "That which is wrong in theory cannot be right in practice."

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as a matter of fact, that very article was drawn to my attention by a learned member of the Alberta Legislature press gallery the other day in the course of a news conference that I held in Edmonton. I have not seen it, but I shall certainly look for it and I shall draw it to the attention of the Prime Minister, who will no doubt take it under advisement as he considers how to exercise his prerogative on this matter.

Hon. H.A. Olson: As a supplementary to that, the Leader of the Government has indicated that he did not say that he was going to urge the Prime Minister to appoint Mr. Waters. In regard to the other part of the press release, is it right or wrong that he did, in fact, say that to some extent what Alberta did was unconstitutional?

Senator Murray: It was in reply to a question at a news conference that a journalist drew my attention to the article by the professor from Dalhousie, the article to which Senator Macquarrie has just referred. Not having seen the article, I cannot comment on it, but I repeated what I said in this place on November 7 in the course of an exchange with Senator Grafstein, among others, to the effect that, obviously, not even the Parliament of Canada could arrange to elect a senator. To elect a senator would require an amendment to the Constitution, and we have not had the required amendment to the Constitution.

Senator Olson: I understand, and so does Mr. Stan Waters, that simply winning that election does not give him a seat in this chamber. However, Premier Getty of Alberta argued that what he was trying to do with this vote was to have the people of Alberta help him decide who to nominate, following the undertaking by the Prime Minister that he would accept nominations from provincial premiers. To that end Mr. Getty passed a bill through the legislature to help him decide who should be put on the list. Surely that is all he has done. Is that unconstitutional?

Senator Murray: Honourable senators, I took the occasion yesterday, as a matter of fact, to point out just what the honourable senator has stated. I took the occasion to repeat what I take to be Premier Getty's explanation of the process and its purpose.

Senator Olson: I take it then that what he did is not unconstitutional.

Senator Murray: Honourable senators, what I said was that not even the Parliament of Canada, and certainly no legislature, could purport to elect a senator. To elect a senator would take an amendment to the Constitution.

Senator Olson: We understand that.

Hon. Earl A. Hastings: As a supplementary question, honourable senators, did the Leader of the Government in the Senate, as Minister of State for Federal-Provincial Relations, convey the information he has just given to the Senate to the Government of Alberta on passage of the act in that province?

Senator Murray: Honourable senators, the answer to that question is yes. I have had many conversations with the minister, my counterpart, Mr. Horsman. It would hardly be necessary to draw to his attention that neither the Parliament of Canada nor any legislature could purport to elect a senator. His reply to that would be that they are not purporting to elect a senator; they are purporting to have an electoral process to assist the premier in making his recommendations to the Prime Minister.

I shall also—if I have not done so—certainly take advantage of the opportunity to convey Senator Hastings' own comments on that matter, as stated last February in both the *Edmonton Sun* and the *Globe and Mail* in which he described the election as ludicrous and unconstitutional.

Senator Hastings: That is absolutely correct. My question again to the Leader of the Government in the Senate is: Did he convey to the Government of Alberta the view that the passage of the bill in that province was unconstitutional?

• (1430)

Senator Murray: Honourable senators, that is not what I said yesterday. What I said is what I have just repeated to Senator Olson. What I said yesterday—and I repeat it for the fourth time today—is that not even the Parliament of Canada can purport to elect a senator, because electing a senator would take a constitutional amendment and there has been no constitutional amendment to that effect. Therefore, as I said yesterday, in that sense it could be considered unconstitutional.

Senator Olson: But can you elect a nominee? That is the whole point.

SENATE REFORM

FIRST MINISTERS' CONFERENCE

Hon. Jack Austin: Honourable senators, I asked a few moments ago about Premier Vander Zalm's statement that he would try to link Senate reform to the approval of the present Meech Lake Accord in the form of a parallel accord. I wondered whether or not he was encouraged to do so by a communique at the recent first ministers' conference which said that an attempt would be made "to accelerate the process of profound reform of the Senate".

Is Senator Murray saying that the consequence of that particular first ministers' communique was to settle on the November 1 date? Could you clarify that for me?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the distinction between Quebec round-one and round-two issues goes back to the summer of 1986, when the ten premiers met in Edmonton, under the chairmanship of Premier Getty, and agreed that their first priority would be to achieve Quebec's reintegration into the constitutional family. Other matters—and they specifically mentioned Senate reform and fish—would be put off until after—

Senator Thériault: What fish?

Senator Murray: —the first priority, namely, the reintegration of Quebec, was achieved. Again, at Meech Lake the distinction between first- and second-round issues was made when the Meech Lake Accord proposed to constitutionalize several items, Senate reform being the first mentioned for the second round.

The consensus and the communique agreed upon by the first ministers here in Ottawa a month ago preserved that distinction. The Prime Minister has agreed to call a conference on November 1 in western Canada on the subject of Senate reform, and he has asked me to see what I can do to accelerate and intensify the process. But the distinction between round-one and round-two issues is maintained.

[*Translation*]

OFFICIAL LANGUAGES

BILINGUAL SERVICES AT MONCTON, NEW BRUNSWICK FEDERAL AIRPORT

Hon. Louis J. Robichaud: Honourable senators, my question concerns compliance with the Official Languages Act, Bill C-72, in airports operated by the Department of Public Works.

On the weekend I read a report from Ottawa on the government's willingness to ensure compliance with the Official Languages Act in airports. I would like to quote these few lines:

> To that end, the six airports in this country that receive more than 1 million passengers annually, namely Montreal, Halifax, Toronto, Winnipeg, Edmonton and Vancouver, will be operated in both languages by Transport Canada.
>
> And Air Canada flights from these airports shall offer services in both languages.
>
> Other airports including those at Quebec City and Moncton, New Brunswick, which have large numbers of passengers in both language groups, may be added to the list.

Would the Leader of the Government in the Senate agree that the airport near Moncton, a perfectly bilingual city, located in the only officially bilingual province in this country, should be treated the same way as the airports at Montreal, Winnipeg, Edmonton, Vancouver and so forth?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I could not agree more with Senator Robichaud. If I

am not mistaken, I believe all federal airports in New Brunswick, the only officially bilingual province, are already operated on this basis. I will make inquiries to check, and I will report back to the Senate later this week.

Senator Robichaud: Honourable senators, I am glad the Leader of the Government in the Senate will check this out. Could the Leader of the Government in the Senate give us the assurance that he will see to it that Moncton is put on the same footing as the other airports as far as official languages are concerned?

Senator Murray: Again, Honourable senators, I will have to check my information. I believe all federal airports in New Brunswick are now subject to this policy. In future, it means applying the regulations under Bill C-72. I will report to the Senate as soon as possible.

Senator Robichaud: Thank you, Senator Murray.

[*English*]

PARLIAMENT

CLOSURE OF EAST BLOCK CAFETERIA, PARLIAMENT HILL—GOVERNMENT POSITION

Hon. Louis J. Robichaud: I have another question that has absolutely nothing to do with official bilingualism. There was a piece reported in the news on the weekend that affects all of the senators, cabinet ministers, members of Parliament and additional personnel who have offices in the East Block. On Saturday I heard a rumor—in fact, I have read it in the press—that Treasury Board is going to close our very little cafeteria in the East Block, which definitely serves a purpose for all of these people. For the sake of cutting very few dollars at the end of the year, can the government honestly and decently justify the cutting of that minuscule service to the staff and public servants?

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I believe that those decisions with regard to the cafeteria in the East Block were taken by the Internal Economy Committee in the other place, but I would have to confirm that impression. I am informed by my friend, the Deputy Leader of the Government, who is deputy chairman of our Internal Economy Committee, that we did not have a hand in the decision.

Senator Robichaud: Honourable senators, can the Leader of the Government assure the numerous senators here that he will see that the people of the Internal Economy Committee in the other place cut themselves instead of cutting our minuscule cafeteria?

Senator Murray: Honourable senators, they are already suffering from a lot of self-inflicted pain and cuts from financial disciplines that they have imposed upon themselves as members of Parliament; and the burden that they are asking us to share is, as the honourable senator suggests, very minuscule.

[Senator Murray.]

Senator Frith: There is today's Senate headline for the papers.

FISHERIES

OVERFISHING BY EUROPEAN VESSELS IN ATLANTIC CANADA—REACTION TO EUROPEAN COMMUNITY RECOMMENDATION ON QUOTAS

Hon. John B. Stewart: Honourable senators, I have a question on a different matter. On Wednesday, December 13, in answering a question addressed to him by the Honourable Senator Bonnell, the Leader of the Government in the Senate dealt with the European Community's attitude towards new fish quotas in the north-west Atlantic. According to *Hansard*, at page 831, Senator Murray said:

● (1440)

> . . . it is my information that the European Community's fisheries commissioner has proposed a package of quotas that would significantly reduce pressure on two of the three Grand Banks flat fish stocks, American plaice and yellow tail flounder, as well as 3NO cod. The Government of Canada states that this is a step in the right direction . . .

And he goes on to give other details. The honourable senator then says:

> It is not yet clear how the EC Council of Fisheries Ministers will react to the proposals of the commission. I am informed that decisions will be taken only at the ministers' meeting scheduled for December 18.

I understand that that meeting has taken place. What has the minister to tell us today on the reaction of the Council of Ministers to the recommendation of the commission?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my colleague, the Minister of Fisheries and Oceans, has given me some notes on what are termed the European Community's unilateral quotas for NAFO managed stocks for 1990. The notes read as follows:

> The EC's quota decision for 1990 is a step in the right direction but will not end EC overfishing in 1990. There is still a long way to go.
>
> The EC's decision includes improvements for some stocks that are in serious difficulty now, but the total tonnage of the unilateral quotas for 1990 is three times greater than the official quotas voted for the EC by the NAFO members at the September NAFO meeting.
>
> It is unacceptable that the EC has decided to continue a fishery for 2J3KL cod, (Northern Cod) outside Canada's 200-mile limit.
>
> The EC is the only NAFO member that will not comply with the NAFO decision that there should be no fishing in 1990 for 2J3KL cod outside the Canadian fishing zone.
>
> There are, however, planned reductions in EC unilateral quotas for two flat fish stocks (3LNO American plaice

and yellowtail flounder) and for one cod stock (3NO cod on the southern Grand Banks).

These stocks have been harmed by EC overfishing over the past four years. NAFO significantly reduced the Total Allowable Catches for these stocks for 1990 because of their depleted state.

The EC's reductions in its 1990 unilateral quotas for these stocks are a step in the direction of the decisions taken by NAFO.

The EC is still acting unilaterally by not accepting the decisions of NAFO.

Improved conservation and rebuilding of stocks in the northwest Atlantic will benefit Canadian and foreign fishermen. Respect for the NAFO conservation system is key.

We will continue to press for full compliance with NAFO decisions to ensure the survival of endangered stocks.

Senator Stewart: Honourable senators, may I ask the minister, who is a member of the cabinet committee dealing with the crisis in the east coast fishery, why his colleague persists in applauding the European Council of Ministers for taking "a step in the right direction" when, in the next breath, he tells us that they are taking more than three times the quotas voted by the North Atlantic Fishery Organization? Surely this is not the time to be commending the European Community in this matter.

Senator Murray: Honourable senators, I shall convey the honourable senator's comments to my colleague.

Senator Stewart: Will the minister do a little better than that? I am sure that my words will have no beneficial effect upon the minister.

Senator Murray: I don't know why not.

Senator Stewart: Will he lend his own support to the view that this is not the time, when many people in Atlantic Canada are faced with the dismal prospect of unemployment for the rest of their lives, to be telling the European Community, "Yes, it is a step in the right direction"?

Senator Murray: Honourable senators, the question really is whether the decisions that the Council of Ministers have taken represent in any sense any progress and are, therefore, to be encouraged. The honourable senator is objecting to the rhetoric that has been employed. I shall convey his statements to my colleague and ask him if he has any further comments to make.

I think my colleague feels, on the basis of what I have just reported to the house, that his comments are justified—both his commendatory comments and his very strong comments of protest—by the actions that have been taken.

SOLICITOR GENERAL

REQUEST FOR TABLING OF WEIR REPORT

Hon. Earl A. Hastings: Honourable senators, I have a question for the Leader of the Government in the Senate. I appreciate that he will have to take it as notice. Would the minister consult with his colleague, the Solicitor General of Canada, and ascertain when we might expect the government to table the Weir report, which is the inquiry into the circumstances surrounding the escape of Daniel Gingras from custody at Edmonton Institution? The government has had this report for some time. I realize that the minister is a slow reader and is always reluctant to table documents in Parliament, but I wonder if the Leader of the Government would discuss the matter with him and see if we can have this document tabled in Parliament.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall make inquiries.

REQUEST FOR INQUIRY INTO INMATE'S ESCAPE FROM RENOUS INSTITUTION

Hon. Earl A. Hastings: Honourable senators, I have a supplementary question. Would the minister also ascertain whether Mr. Weir will undertake an inquiry into the circumstances surrounding the escape from custody of Mr. Legere from Renous Institution?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall pose that question to my colleague as well.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—REQUEST FOR REPORT ON GOVERNMENT DECISION

Hon. M. Lorne Bonnell: Honourable senators, I wonder if the Leader of the Government in the Senate could give us a detailed report on what decision the Prime Minister of Canada took yesterday concerning Summerside. Apparently, the Premier of Prince Edward Island and the Prime Minister of Canada met for 45 minutes. The Prime Minister came out elated and made some statement to the effect that plans are progressing on a deal that will include a mix of private, federal and provincial projects. Would the minister give us some detail on what to expect?

Senator Phillips: Did you not speak with Premier Ghiz?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I was out of town yesterday and I have not had an opportunity to obtain a report on that meeting. I shall do so as soon as possible and let the honourable senator know.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to three questions. I ask that copies be delivered to the appropriate senators, and I shall identify them and ask that the answers be printed as part of today's proceedings.

CAPE BRETON DEVELOPMENT CORPORATION

PROGRESS OF CONTRACT NEGOTIATIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 14 last by the Honourable Senator Muir regarding Cape Breton Development Corporation—Progress of Contract Negotiations.

(*The answer follows:*)

It would not be responsible for the federal government to provide the millions of dollars necessary to support the conversion of the Lingan Colliery to the retreat method of mining unless DEVCO's future operating costs are fully known and the cooperation and support of both management and the unions to save Lingan can be assured to the completion of this project by the end of 1992.

With regard to the specific details of any new contract, this is a matter which is currently under conciliation and should be left strictly between management and the unions to negotiate through the normal collective bargaining process.

In this regard, I am hopeful that new contracts can be successfully concluded as soon as possible, so that the Treasury Board, which meets this month, can carefully review the Lingan situation and establish the necessary funding levels to ensure completion of this project.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—REQUEST FOR GOVERNMENT RECONSIDERATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 12 last by the Honourable Senator Bonnell respecting National Defence—Closure of CFB Summerside, P.E.I.—Request for Government Reconsideration.

(*The answer follows:*)

No, the government is not considering keeping search and rescue operations at CFB Summerside. The relocation of 413 Transport and Rescue Squadron to Greenwood will in no way decrease the medical evacuation service provided to the residents of Prince Edward Island. The 413 Squadron will continue to respond to these requests in a timely manner as they have always done.

FISHERIES

DISPARITY BETWEEN U.S. AND CANADIAN PENALTIES FOR ILLEGAL FISHING

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 13 last by the Honourable Senator Stewart respecting Fisheries—Disparity Between U.S. and Canada Penalties for Illegal Fishing.

(*The answer follows:*)

The maximum penalty under various U.S. legislation is U.S. $25,000 per incident.

The maximum penalty under the Coastal Fisheries Protection Act is Canadian $750,000, though penalties of over Canadian $200,000 are rare.

Any charges under U.S. legislation will be tried in U.S. courts. Canadian officials would provide the required evidence package for such prosecution.

DEPARTMENT OF FORESTRY BILL

THIRD READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Spivak, seconded by the Honourable Senator Cochrane, for the third reading of the Bill C-29, An Act to establish the Department of Forestry, to amend the Forestry Development and Research Act and to make related amendments to other Acts.—(*Honourable Senator Fairbairn*).

● (1450)

Hon. Joyce Fairbairn: Honourable senators, for the past three weeks our Standing Senate Committee on Agriculture and Forestry has undertaken a very cursory study of a major and complex issue by trying to understand the significance of Bill C-29, which is an act to establish the Department of Forestry, to amend the Forestry Development and Research Act and to make related amendments to other acts.

Our explorations have been tentative, because the bill itself is tentative. Indeed, our hearings have served to heighten rather than dispel concerns surrounding the crucial questions about the management and future of our forest resources.

To be fair, this bill is a so-called housekeeping bill, intended to set out a bare outline of the new department and its responsibilities. But we would not be doing our job if we did not seek to understand where the new creation fits in the increasingly disturbing economic and environmental confrontation that is fueling public anxieties over the future of our forests, as part of the larger concern for the survival of our planet.

It is clear that these questions of environmental survival are the great questions which are occupying the minds of Canadians as we move into the 1990s and towards a new century. I believe that this priority in the public consciousness is far greater than has been reflected in the agendas of governments or the private sector. In fact, Canadians are dragging us with a sense of urgency towards the realization that, unless we tackle these issues effectively, other priorities may become obscure by comparison.

Because of the size of our forestry sector—and it is a major and important part of the health of our economy because of the export dollars involved and the numbers of jobs created and sustained—the establishment of a separate forestry department has been advocated in recent years by all of our national political parties. Such a department had existed back in the early 1960s, but over the years forestry has been merged with other entities and is currently attached to the Department of Agriculture.

New departments are not created easily or often and, therefore, we naturally want to satisfy ourselves that this bill makes good administrative sense; that it is capable of achieving a substantive purpose. It is very easy for politicans generally to say that our forests are our future and that establishing a department will, of itself, respond to a demonstrated need. But the department must be based on something more substantial than good will or it will falter and ultimately fail, as has happened before in the history of this issue.

I am not at all sure that this bill is sufficiently firmly based to do a truly substantive job.

I for one did not feel that I learned enough from our hearings, and I freely admit that perhaps I expected too much. Forestry and the environment are so intricately linked that I sincerely hope our committee can undertake some kind of broader study in the months ahead.

We began by hearing that this piece of legislation was just a skeleton that required quick passage in order to flesh out the details at a later date as cooperative experience accumulated. I have been left, instead, with an uncomfortable sense that the new department may not receive a great deal to cover the bare bones outlined in the bill.

It does not seem destined to receive much in the way of substantive funding in an atmosphere of cutbacks. It does not seem to have much dominance in terms of authority in the federal bureaucratic and cabinet pecking order. It does not seem to have ultimate control in terms of federal application over the very resource from which its name is drawn. Questions lead to explanations that pointed to other departments and other federal agencies which hold force over forestry issues.

It was necessary to call in the Environment Department to try to get a grip on some of these issues, such as the environmental review process, and we also did not have time to explore the role of agencies such as the Western Diversification Office and the Atlantic Canada Opportunities Agency in funding forestry and agreements with the provinces.

During our hearings it seemed that pursuing details often led further away from Bill C-29. Our witnesses wanted the new department, but sometimes for reasons that go far beyond the powers of the legislation. The House of Commons wanted the bill and managed to have amendments incorporated to strengthen it, including the reference to sustainable development and integrated forest management as part of its forestry mandate. Obviously, the government wants the bill, and the usual pre-Christmas legislative overload certainly has put some pressure on our committee to complete its study.

Our committee is recommending passage of the bill with critical comment. We hope for a lot of pleasant surprises in the ensuing activities and reporting functions provided for in the legislation.

I am essentially an optimist and I want to be both surprised and impressed, because there is no doubt whatsoever that a tremendous job needs to be done for our forest resource base. The evidence suggests overwhelmingly that here in Canada we have a problem with our forests and how they are being managed. We do not have a coordinated political and corporate will to meet the challenge of balancing a history of resource exploitation with a critical need to restore, protect and conserve that resource—in short, to manage a successful industry, which we all want, while maintaining a viable ecosystem. In Canada, as in other forest-rich countries of our world, there is a tough and emotional clash between these two priorities.

I would like to illustrate to honourable senators what I mean, by conveying to you some of the testimony before our committee.

Firstly, we were told by the minister that the department was needed urgently to develop a national leadership role. Included in that role was expanding forestry research and data collection; promoting the development of national goals; offering policies of forest conservation; generating federal-provincial cooperation; assisting in the development of Canadian scientific and technological capabilities in forest management; enhancing the competitiveness of our forest sector at home and abroad; and educating Canadians through public awareness campaigns.

That is a pretty big agenda for a department with limited funds. It is therefore evident that the money, and in some cases the direction, will come from somewhere else.

The Canadian Forestry Association expressed its disappointment that the bill had not given the new department a "one window" approach for the federal government in the forestry sector and that, in particular, it fails to designate a prime responsibility for the Federal-Provincial Forestry Development Agreements. Indeed, the association told us that it was inappropriate for long-term forest development strategy to leave that responsibility with regional agencies such as the Atlantic Canada Opportunities Agency and the Western Diversification Office. This view was supported by the Canadian Institute of Forestry, which went even further to suggest that without a strong federal role and expanded responsibilities in a variety of other areas this new department might well face the same future as its predecessor, which started out with similar brave hopes in 1960.

As senators may know, a number of the FRDA agreements have lapsed and are not at this time renegotiated. Others are due to expire.

• (1500)

Spokesmen from the British Columbia Council of Forest Industries made representations to our committee and to government ministers in the strongest possible terms for the renegotiation of their province's agreement, which expires at the end of March 1990. They are looking at an increased shared cost of $700 million in a new agreement that they believe to be of critical importance in sustaining the forest industry in northern British Columbia, particularly for the reforestation of productive forest land now standing idle because it has not been satisfactorily restocked. They are looking to this new department to give their case a boost.

The Ontario Minister of Natural Resources also sent us a letter expressing disappointment that the introduction of this bill was not accompanied by the stated intention to renegotiate the Canada-Ontario Forest Management Development Agreement. The minister said it was difficult to see how the legislation is to be implemented effectively except through continued federal-provincial forestry agreements.

I should note, honourable senators, that we invited all the appropriate provincial ministers to express their views to our committee, either in person or in writing. The Honourable Lyn McLeod from Ontario was the only one to respond, and we thank her for it.

There was a suggestion from the Canadian Forestry Association that any deficiencies in mandate and jurisdiction for the department might be rectified by future orders in council. At the risk of sounding cynical, I would suggest that those kinds of responsibilities should be nailed down well in advance, as ministers often find that they have very faint hopes, indeed, of wresting away jurisdiction from colleagues after the deed is done.

Hon. Allan J. MacEachen (Leader of the Opposition): Hear, hear!

Senator Fairbairn: As you well know.

Hon. Royce Frith (Deputy Leader of the Opposition): Let the record show that that was addressed to Senator MacEachen.

Senator Fairbairn: Spokesmen for those two forestry organizations tried to emphasize to us the new reality of environmental concern in the industry. They said attitudes were changing but that it is a very slow process. They conceded that there were problems in the industry across the country and that it was difficult to get a definitive picture of the state of the forest in national terms.

The president of the Canadian Forestry Association noted to us:

> If you are asking whether we are running out of the right species and the right quality and right size in the right place, then the answer is we are, because we have problems here, there and everywhere right across the country.

He said that the forest industry:

> ... as a manager of a piece of ground, has really only been given one objective until recently and that is to sustain that industry and the resources that are needed for that industry.

He continued:

> It has now become very clear that that is not enough; that they must also maintain some recreational values, some wildlife values, some watershed values and many other things.

These objectives, he said, are not well defined and, until they are, the forest managers are vulnerable to public criticism for doing the wrong things.

The executive director of the Forestry Institute told us that his organization this year is focusing on a position statement on sustainable development that, he noted, goes far beyond the concept of sustained yield, which has been exercised over many years, so that mills will be able to continue to operate in perpetuity. The context of the current meaning of sustainable development would, in his view, mean:

> Sustaining the ecosystem to ensure it is not impaired so that the forest land base will exist in the future to provide the resources that grow upon that land base—to ensure that there are forest and water resources in the future and that we maintain our wildlife and recreational opportunities.

I have made a point of conveying these views to you, honourable senators, because they articulate what has not happened in our forest industry in the past. Over the years the industry has blazed ahead for maximum financial gain without developing a corporate conscience that could have led public opinion in understanding the need to care for our forest resources as essential for the future of both our economic and environmental health. After all, the general public is far removed from developments in logging and pulp mills. Only when a red alert has been seen from pollution, illness or obvious irretrievable destruction of old forest stands have Canadians begun to understand that the price tag on our forests is worth much more than dollars and cents now and for the future.

This red light was flashed for us by World Wildlife (Canada) and the Sierra Club of Western Canada, representing a Canadian environmental network of some 1800 groups and one million concerned Canadians. They focused our attention on the devastation that results from clear cutting and on what we can expect from the rash of new pulp mills being built across northern Alberta, British Columbia and Manitoba.

The Sierra Club representative estimated that cutting in British Columbia, for example, is occurring at twice the sustainable rate, and that cutting in 1987 alone exceeded the remaining stands of old-growth forests in that province by 40 per cent. Their slides illustrated dramatically that, despite replanting, regrowth is not occurring on slopes that were clear cut over 15 years ago, because there is simply insufficient stability on those slopes for the new growth to take hold. It is not a pretty sight, as many senators who have travelled in that area realize. They also stressed the lack of inventory and how little we know about the current status of our forestry

resources. What it really served to illustrate, honourable senators, is how lax our governments, both federal and provincial, have been in monitoring and maintaining our forests and in holding industry accountable.

The evidence in our own backyard, compared to the state of forests and the excellent forestry management found in Scandinavia, for example, should be enough to convince us of the long-term effects of our current practices. Clearly, our conditions are similar enough to those of northern Europe to draw the crucial lessons and to get on with it. The minister himself pointed out these facts, before he became the minister, in his report entitled "The Green Ghetto".

Honourable senators, we also heard from the Assembly of First Nations and the Grand Council of the Cree from Quebec. I should note that no representatives of aboriginal peoples appeared before the committee studying this bill in the House of Commons. There was no consultation with aboriginal peoples on this bill and there is no reference to them in the bill. It could have been, and should have been, amended to accommodate this omission. The minister is directed, in clause 7(*a*) of the legislation, to:

> promote cooperation, in relation to the forest resources of Canada, with the governments of the provinces and with non-governmental organizations in Canada, and participate in the promotion of such cooperation with the governments of other countries and with international organizations.

There is no mention at all of the people of our First Nations, who, more than other Canadian citizens, have relied on forests and their ecosystems as an integral component of their way of life over the years. At no time have they surrendered, by treaty or any other means, their traditional rights to hunting, fishing and trapping. Yet those rights have been systematically removed and destroyed in areas across this country and in the North because of the incursion of industry, supported either explicitly or implicitly by government, in the cutting of forests. It has been systematic and, in many areas, it has been abusive and disastrous.

• (1510)

The aboriginal representatives focused particularly on the James Bay development in northern Quebec. Initially this massive hydroelectric project was conceived and built without any environmental assessment at all. That was several years ago, before the public had taken up the environmental cause. But, today, phase two of James Bay is in the works and again there has been no review process; there have been no public hearings.

The project, honourable senators, involves the diversion of an entire river system. The river will not be in the same place as it now is. The removal of forests throughout the life of this project has been massive. That is why the Grand Council of the Cree is imploring the federal Ministers of Environment and Fisheries, and no doubt Forestry, to intervene and force a review.

Honourable senators, that leads me to my final concern, which is to understand exactly where the federal government stands in respect of the environmental review of projects being undertaken within the provinces. Earlier this year a federal judge, Bud Cullen, ruled that the federal government had not fulfilled its responsibilities concerning environmental assessment and review prior to issuing a licence to proceed with the construction of the Rafferty-Alameda Dam Project in Saskatchewan. After Judge Cullen's ruling, Ottawa was forced to conduct an independent environmental review while construction was halted on the dam. Prior to the Rafferty-Alameda case, there was an assessment process conducted by the provinces, and the federal government deferred to those processes.

Now the federal government must follow the terms and conditions of its own Environmental Assessment Review Process on any project that involves federal land, federal money or is deemed a federal initiative. That is what is happening now in the joint federal-provincial panel on the ALPAC project in northern Alberta, which is the first joint assessment Ottawa has had with a province since the Cullen decision.

The review process, as honourable senators know, has raised a great deal of controversy in Alberta, with cries of interference with Alberta's jurisdiction to use its forest resource to diversify its economy and create new jobs, on the one hand, and equally concerned cries of failure to provide for adequate environmental protection and respect for aboriginal lands, on the other hand. This controversy has also spilled over, as Senator Adams noted to me, into the Northwest Territories because of potential pollution effects on their rivers.

This is a clear example of the clash of priorities that I mentioned earlier. A major problem is that the assessment and review process has been forced into the middle of the project, after contracts have been signed and major construction is already in progress. There was no previous public involvement in this issue.

It was noted to us by the federal Assistant Deputy Minister of the Environment that the ALPAC project triggered the need for the joint review because of a series of federal authorities related to federal lands, national parks and Indian lands that are thought to be influenced by the proposed facility.

Senator Roblin: And fish!

Senator Fairbairn: Yes, and fish. The review relates only to the one project and cannot cover the cumulative potential threat of the numerous other mills being strung through the same northern area of my province. To date the new process of review has not yet kicked in, as far as I am aware, at the very beginning of the planning stages of a development. That, of course, is the hope for the future.

Clear understanding on all sides of the environmental protection requirements right from the beginning may prevent a conflict between powerful and antagonistic forces, such as is occurring in Alberta now and most certainly will occur if a review is forced over the James Bay project in Quebec. We are anxiously awaiting legislation to set the rules for the Depart-

ment of the Environment, as it will be that ministry that will continue to take the lead in the review process.

What has become clear in recent months is that we must lower the level of rhetoric in order to get on with the job, whether it be in response to forestry concerns or other environmental issues. Governments, both federal and provincial, along with industry must adopt more responsible policies and make the kinds of investments that have not been part of long-term economic and environmental planning in the past.

Honourable senators, we are talking of big money—very big money—whether it is in reference to upgrading standards in existing plants and mills or incorporating the latest technology to new endeavours. Canada is on the leading edge of environmental and forestry technology and should be well equipped to take an important lead on the world stage. Whether that will happen will depend very much on the courage and the will of all the government and industry players to cooperate on both a technical and jurisdictional level.

It is not clear at all whether we are up to the challenge. In recent days we read that growing opposition within the federal bureaucracy has prevented the introduction of a new environmental assessment law, which was promised in the last election and expected before Christmas. Documents leaked to the media in the last few weeks indicated plans for a powerful new federal agency to oversee the environmental viability of any federal project or program. Already a battle is raging internally in the government as to what might be exempted from that review. For instance, the regulations at issue could provide some of the teeth that are lacking in Bill C-29 to provide balance in forestry issues.

Honourable senators, by passing this bill today we may contribute to a framework of support for improving the management of this particular resource. However, the battle must be fought at higher levels to force significant change. It is not a battle Canadians can afford to lose, either as a contest of will within the federal structure or a jurisdictional impasse between levels of government.

I wish the minister, Mr. Oberle, well in leading the new department into the fight on an issue for which he has such a strong personal commitment.

Motion agreed to and bill read third time and passed.

● (1520)

MOTION RE MESSAGE TO HOUSE OF COMMONS ADOPTED

Hon. Joyce Fairbairn: Honourable senators, I move, seconded by the Honourable Senator Frith:

> That the Message to be sent to the House of Commons acquainting that House that the Senate has passed Bill C-29, An Act to establish the Department of Forestry, to amend the Forestry Development and Research Act and to make related amendments to other Acts, contain the comments appearing in the Third Report of the Standing Senate Committee on Agriculture and Forestry, dated 14th December, 1989.

[Senator Fairbairn.]

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

Hon. Senators: Agreed.

Motion agreed to.

UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Frith, for the second reading of the Bill S-12, An Act to amend the Unemployment Insurance Act.—(*Honourable Senator MacEachen,P.C.*)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, when I brought forward Bill S-12 on Friday last I laid out what I considered to be its constitutional and procedural foundation, drawing upon relatively recent precedents in the Senate and earlier precedents which describe the passage of such bills from the Senate to the House of Commons and the way in which they were dealt with in the past. There are other precedents which I did not use that are available, and there are, of course, the precedents from the British House of Lords, which I did not use at all.

This afternoon I do not intend to follow that line of argument or line of exploration, but I did feel obliged on Friday to explain why I was using what may have appeared to be an unusual procedure. I said on Friday, in making a preliminary comment about the intent of Bill S-12, that I would return to the subject in more detail today. That is what I intend to do.

As I mentioned on Friday, honourable senators, every year since 1984 the federal government has asked Parliament to pass a bill extending for one year the variable entrance requirements of the Unemployment Insurance Act. If such a bill were not introduced and passed, the minimum entrance requirement for all unemployment insurance applicants would be 14 weeks.

In 1977 the Unemployment Insurance Act was amended to provide for a variation in the qualifying period, depending upon the level of unemployment in the region in which the worker lived, and that has been known as the variable entrance requirement. I believe the amendment, which was originally passed in 1977, expired seven years later, because it had a seven-year life. Subsequent to that, since 1984 the present government has introduced annually such a bill.

It should surprise no one that whenever Parliament has been called upon to pass this legislation it has done so quickly and without dissent. When such legislation last came to the Senate on September 29, 1988, in the form of Bill C-158, we passed it on the day following receipt. The bill before us is modelled on the legislation we passed last September. As a matter of fact, the words are practically identical.

I should mention that though clause 1 of the bill calls for an extension of the variable entrance requirement until January 6, 1991, it does not imply, nor is it meant to imply, that the

extension will run for that period of time. A period of one year was chosen simply in order to conform with past practice. I could have chosen one month, two months, three months or six months, but, if that had been done, it might carry an implication with it that it was not the intention of, for example, this side of the house to permit Bill C-21 to pass until that period of time had expired. In order to avoid that implication, I modelled the bill precisely on its past format.

I should also point out to my colleagues that when Bill C-21 is passed and receives Royal Assent, the extension provided for in Bill S-12 would be overridden. The provisions of Bill C-21 would come into effect and the proposals and provisions in this bill would fall to the ground.

In Bill S-12 we are proposing to amend subsection 6(6) of the Unemployment Insurance Act. Clause 5 of Bill C-21 provides as follows:

> Subsections 6(2) to (9) of the said Act are repealed . . .

Consequently, the passage of Bill C-21 would cut off the extension of the variable entrance requirement, regardless of how much time it had left to run, by repealing the operative subsection 6(6).

We understand that there will be new variable entrance requirements provided in Bill C-21 when and if it passes and receives Royal Assent. The purpose of Bill S-12 is to provide the variable entrance requirements, which have always been introduced each year, for that period between the lapse, on January 6, 1990, of the bill which was introduced more than a year ago and the coming into effect of Bill C-21. I describe that period as relatively short, and I think it will be, though it is clear that we are not going to pass Bill C-21 by the end of this week. It will not become law on January 6, and at that point the current variable entrance requirments will expire.

From January 6, 1990, until Bill C-21 is passed, the unemployed in regions of high unemployment—in Cape Breton, for example—will require 14 weeks of insurable employment rather than 10 weeks. That, of course, will disadvantage those workers who have no more than 11, 12 or 13 weeks of insurable earnings. They just won't qualify. That makes clear the purpose of the bill—to maintain the existing system until the new bill comes into effect so that no worker will be disadvantaged.

● (1530)

I should add that when Bill C-21 comes into effect, if it is passed with the variable entrance requirements it now contains, any worker ineligible for that temporary period will, of course, become eligible and will be eligible, with the passage of Bill C-21, at the reduced variable entrance requirement. During that period I have described, certain workers will not qualify but will later qualify when Bill C-21 is passed.

There is another side to the coin, of course, and that is that in various areas, under Bill C-21, the variable entrance requirements are increased considerably beyond 14 weeks. In some places they are increased to 20 weeks. Those workers in that temporary period would qualify for benefits at 14 weeks and would be into the system, and would not be removed by the passage of Bill C-21.

That temporary period has the potential to benefit one class of workers, who will qualify and maintain their qualifications even when Bill C-21 is passed, but another group of workers will have benefits delayed, but, again, not denied.

In urging my colleagues in the Senate to approve the legislation, I could do no better than turn to the words of Senator Doody, who, on September 29, 1988, exhorted his colleagues to pass quickly Bill C-158—the bill I introduced—the bill for the same purpose. At that time Senator Doody noted that though the economy was doing well, there were still regions of the country that were not experiencing fully the economic recovery. He then said:

> A failure to extend the variable entrance requirement at this time would have serious consequences for those regions.
>
> One of the basic principles of this country is that we are always ready when the need arises to help those regions that are experiencing economic difficulty.

If Senator Doody's words at that time were accurate and sincere—and I believe they were—they are all the more pertinent today. In October 1988, for example, the unemployment rate in Newfoundland was 15.6 per cent. In October of this year—and these are the latest available figures—it was 17.2 per cent. In Prince Edward Island it was 12.8 per cent, and it now stands at 14.9 per cent. In Nova Scotia the unemployment rate in October 1988 was 10.4 per cent, and it is down now, thankfully, to 9.9 per cent. In New Brunswick it has increased from 11.7 per cent to 12.3 per cent. These are the seasonally adjusted figures as provided by Statistics Canada.

It is clear that the Atlantic provinces are suffering a slowdown. Whatever may be said about whether a slowdown will hit central Canada, it has struck the Atlantic provinces, because in three of the provinces the unemployment figures are higher. In every one of these provinces, except in Nova Scotia, the situation has worsened since Senator Doody expressed his words of concern. In fact, for Prince Edward Island the 14.9 per cent unemployment rate is the highest it has ever been for the month of October—higher than during the world-wide recession in the 1980s. It is the highest rate it has ever had. This is not just a monthly anomaly, because, in September, Prince Edward Island experienced its highest September unemployment rate ever—14.2 per cent. In August it was within one-tenth of a percentage point of its record level for that month.

Senator Phillips: That is because Joe Ghiz doesn't want industry.

Senator MacEachen: Whatever the cause, the suffering the workers are experiencing is precisely the same.

The Newfoundland rate of 17.2 per cent is the highest October rate in three years. The situation is clearly worsening and it may continue to worsen for some time to come. In Prince Edward Island there is the situation with respect to

Summerside; in Nova Scotia we have the recent plant closings or the announcement of closings about to come in North Sydney and Canso, and in St. John's we have another closure as well.

Senator Doody, in his own words, observed that: "One of the basic principles of this country is that we are always ready when the need arises to help those regions that are experiencing economic difficulty."

Some Hon. Senators: Hear, hear!

Senator MacEachen: I think that adversity has struck, and I must say that I cannot examine the unemployment insurance bill, Bill C-21, in terms of its impact on the Atlantic provinces without relating it to other events that are occurring in the Atlantic provinces, particularly the crisis in the fisheries. Last night they had a debate in the House of Commons and I believe everyone in that place agreed that there was a crisis, a serious crisis, in the fisheries. They could not agree on whose fault it was, and we can understand that. Certainly, Canso is on the threshold of economic extinction unless something can be done to avoid the closure of that plant. It is in that context that I think we ought to consider the bill.

Naturally, there is going to be a debate about who is responsible for that temporary period before the passage of Bill C-21, when the variable entrance requirement will be 14 weeks. If this bill is not passed, if the government does not take action on its own, which it could do, there will be that period when benefits will be delayed and there will be a debate as to who is responsible for it. The question will be asked: Why didn't the Senate pass Bill C-21?

Senator Flynn: Pass Bill C-21!

Senator MacEachen: They will ask: Why didn't the government do this year as it has done every year since 1984: introduce its annual bill and not hold a gun to the head of the Senate and not deny it— if its wishes were accepted—the possibility of hearing many witnesses and examining the bill in detail? Now there is going to be a debate over that, and I think it would be a very good thing if we could avoid that debate and have Bill S-12 passed.

Senator Flynn: You are not serious!

• (1540)

Senator MacEachen: In the House of Commons the Prime Minister said that the Liberal senators wanted to keep the variable entrance requirements at 14 weeks. To quote him directly, he said:

> The Liberal Senators want to keep it at 14 weeks. You are betraying the poor people who need unemployment insurance in Atlantic Canada. You should be ashamed of yourselves.

Senator Flynn: You certainly should!

Senator MacEachen: Those were his words, and, of course, they were quite wrong.

Honourable colleagues, our response, the response of Liberal senators, is Bill S-12. We do not want a flat 14-week entry rate in Atlantic Canada. That is why we are supporting this bill, which, by maintaining the *status quo*, provides for unemployment insurance benefits after 10 weeks of insurable earnings.

For the senators on the other side who might consider voting against this bill and for those who would abstain, I ask that they recall the clear words of the Prime Minister, words that characterized our stance as a betrayal and placed shame on those who would oppose a measure designed to ensure that the entrance requirements for UI benefits were not increased to 14 weeks for all those in Atlantic Canada. We have a bill before us that would put into effect what the Prime Minister wished to test us with.

The Prime Minister has also expressed the view in the House of Commons, when referring to Bill C-21, that "it is designed to benefit the people of Atlantic Canada", and that "it benefits the poorer people". I believe that the Prime Minister has been seriously misinformed by his advisers, because no one—not even the officials who testified—would agree with him that Bill C-21 benefits the people of Atlantic Canada or that it benefits the poorer people. All the testimony, even from government officials, is to the contrary.

I will make a few references to the impact on Atlantic Canada, but I will not go into it in detail. For example, let us refer to one particular witness, the Minister of Employment and Labour Relations of Newfoundland, who, in appearing on Bill C-21, said:

> Bill C-21, along with the decrease in the fish stocks, is probably the most devastating thing to come our way . . . for a long time . . .
>
> . . . this bill will condemn not hundreds but thousands of Newfoundland and Labrador families to uncertain futures where poverty and welfare will be common place.

Let us look at the impact on Newfoundland. It is a fact that Newfoundland relies heavily on unemployment insurance. I am sure that people do not want that situation, but it does exist. In 1988 $752 million was paid from the Unemployment Insurance Fund in Newfoundland. That sum was substantially higher than the combined provincial and federal departmental payrolls.

In the three unemployment insurance regions making up Newfoundland, according to the provincial government, 19,000 people may not meet the new strict entrance requirements; $30 million would be lost as a result of the shorter duration of benefits. The estimate of the Government of Newfoundland is that the total financial impact to the province due to the stricter entrance requirements and benefits provisions is $107 million. That is the estimate of the Government of Newfoundland. The Department of Employment and Immigration places the estimate at about $22 million. Even it admits that, when Bill C-21 passes, Newfoundland will lose $22 million.

So far as P.E.I. is concerned, Roberta Hubley, the Minister of Labour, said:

> . . . we are appalled to discover that this province has apparently been singled out as a special target . . .

> Approximately 1,700 claimants on Prince Edward Island will no longer be able to establish a claim as a result of changes to unemployment insurance entrance requirements.

That is what we are talking about.

Quite frankly, I am mystified at what I see happening to Prince Edward Island. The minister had good reason to be appalled about the impact of Bill C-21's entrance requirements on P.E.I. Figures provided by the Department of Employment and Immigration to the committee showed the proposed changes to the entrance requirements will remove $12 million from P.E.I. In other words, just the change in the variable entrance requirement contained in Bill C-21 will cost Prince Edward Island $12 million. The provinces of Manitoba, Saskatchewan and Alberta combined will lose $7 million because of the change in the variable entrance requirement. The city of Toronto will lose $4 million and Montreal will lose $6 million. This bill, which the Prime Minister claimed will benefit the Atlantic provinces and the poorer people, removes from tiny Prince Edward Island $12 million through changes to the entrance requirements.

I look at this paper provided by the federal department and I see "entrance requirements" and "estimated financial impact of changes to the UI program by economic region." The estimated loss for Prince Edward Island is $12 million; for Moncton is $11 million; for northern Quebec is $23 million; and for Toronto is $4 million. I am talking about the variable entrance requirements. Other features of the bill bear more heavily on a city like Toronto—for example, the duration of benefits and the voluntary quits; but it was the variable entrance requirements that were singled out by the minister in Prince Edward Island as being something that would be very onerous on that province—a loss of $12 million. That figure represents roughly 10 per cent of the total gain to the commission by changes to the variable entrance requirements. Why is it that Prince Edward Island has to bear almost 10 per cent of the national saving? I should like to have that question answered in the committee. This is a piece of paper that I did not make up. I hope that it is correct, but, even if it is not, it was provided by the commission.

With Nova Scotia, we now come to a Conservative province. I am sure that Senator Phillips would regard the evidence presented by Prince Edward Island and Newfoundland as "out of court", because they are not members of the charmed circle. But we had a witness on behalf of the Government of Nova Scotia who said that "about 17,000 claimants will receive fewer weeks of benefits. The average loss of benefits will be four weeks—a month." The witness went on to say: "Try to imagine being on UI, losing one month's income and what that would mean to your family."

• (1550)

I look at that sentence and say: Suppose the closing of Canso is carried to a conclusion and those 500 or 800 people will be on benefits; anyone who can find another job on that coast in these circumstances should receive the Order of Canada or should be made a Companion of the Order of Canada—

Senator Roblin: Don't go too far now.

Senator MacEachen: —it is so difficult to get jobs. They will have to move or live on benefits; and, according to this testimony, they will lose a month's income if Bill C-21 is put into effect. I wonder if we ought not to consider these impacts more carefully before we rush the bill through the committee, particularly in view of the requests that we are receiving from every part of the country.

Senator Flynn: What are you going to do about it? What can you do about Bill C-21 in committee? You cannot amend it.

Senator MacEachen: At this stage, honourable senators, I am arguing about the validity of Bill S-12—

Senator Flynn: You have been talking about Bill C-21 for the last half hour.

Senator MacEachen: —which has a limited application having to do with the variable entrance requirements—

Senator Flynn: What can you do about it?

Senator MacEachen: —and the examples which I have drawn, particularly from the province of Prince Edward Island, were entirely related to the variable entrance requirements.

Senator Flynn: Start again.

Senator MacEachen: Senator Flynn has asked us what we can do about it. The first thing we can do is to pass S-12—

Some Hon. Senators: Hear, hear!

Senator Asselin: Pass Bill C-21!

Senator MacEachen: —so that workers in the areas of high unemployment will not be disadvantaged while Bill C-21 is being considered, and let the other side do now what we have done for the last seven years, namely, pass the same bill at once in order to meet the situation in the regions of high unemployment.

Some Hon. Senators: Hear, hear!

Senator MacEachen: But members opposite are taking a totally political view.

Senator Flynn: O la la!

Senator MacEachen: You are saying, let those workers suffer in the hope that it will put heat on the Senate. That is your philosophy. Where are the words of your deputy leader, which I quoted earlier in my statement? Why do you not refer to those words?

I want to say something to Senator Flynn.

Senator Flynn: Yes, and I will say something to you.

Senator MacEachen: Our patience on this side of the house has just about run out insofar as Senator Flynn is concerned. One of these days he will be greatly surprised at the reaction from this side of the house, because he has made it impossible

to conduct a civilized debate. Today, when we are dealing with a very serious crisis all over the Atlantic provinces in the fisheries, his only response is one of cajolery, insults and accusations of bad faith. I am telling Senator Flynn that the next time he conducts himself this way he is not going to get away with it as easily as he did today, because we are just about fed up hearing him interject every time there is a serious discussion of matters in the Senate.

If he wants to participate, he has the right to do so when I sit down, as does every other senator, but whether it is Question Period or any piece of legislation, Senator Flynn is there to disrupt. I have never seen anything like it. Never. It would never be tolerated in the House of Commons. He would never get away with it, but why do we let him get away with it?

Honourable senators, I regret that I have to divert myself from the serious matter that is before the Senate. What I am saying to honourable senators today is that I am doing precisely what Senator Doody has done for seven years, namely, bringing in a bill to extend the variable entrance requirement in order to protect the workers in the regions of high unemployment in Canada. Every time it was introduced in the past, we agreed to pass it almost immediately. That is what we did. This bill is intended to go into effect for a temporary period and is aimed at looking after the workers in the regions of high unemployment. That is all. We are asking for our Conservative colleagues to give us the cooperation in advancing this bill which we invariably gave to the government when it was introduced in the past.

Why are you saying to us that we must pass Bill C-21? Why don't you put the interests of the workers first and pass Bill S-12?

Some Hon. Senators: Hear, hear!

Hon. Orville H. Phillips: Honourable senators, I am pleased to see a twinge of conscience on the other side occasionally. In fact, they are becoming more frequent. Recently we had the case of Senator Frith wanting legislative committees established so that it would be unnecessary for him to move to establish a special committee. Today we heard the Leader of the Opposition trying to justify his delay of Bill C-21 and attempt to convey the idea that he was helping those who will be seeking unemployment insurance.

I will have more to say about that later on, but first I want to explain that I feel that this bill is out of order, and I will incorporate certain reasons in my remarks. I will not be asking the Speaker to make a ruling. I would like to do that, but my leader tells me that he and the Leader of the Opposition had a discussion before Bill S-12 was introduced on Friday; some of the bargaining that took place in that meeting was to the effect that we would get Bill C-49 if we did not object to the introduction of Bill S-12, raise questions of order, or ask for a ruling on the legitimacy of Bill S-12.

The remarks of the Leader of the Opposition clearly indicate that Bill S-12 continues the so-called variable entry factor that was substituted in Bill C-21. Bill C-21 contains a new schedule for variable entry. It includes the number of weeks required to work and relates them to the unemployment rate in specific areas. The number of areas has also changed and increased.

• (1600)

In passing Bill C-21, the House of Commons confirmed this principle, and I want to refer to *Beauchesne's* at page 727. The rule says that an act to amend a bill which has passed the House of Commons or both Houses of Parliament cannot be amended by the introduction of a new bill. Bill S-12 amends the principle contained in Bill C-21 and, therefore, in my view—and it is an expert view, I might add—is out of order.

The Leader of the Opposition in his remarks attempted to explain why he had selected a period of one year to continue section 6(6). He said that he could have selected one month, two months or one year. I think he selected one year for a specific purpose, and that is to continue to delay Bill C-21 as long as possible. By introducing Bill S-12, the Leader of the Opposition hopes to establish a pattern whereby he will be able to delay for one year Bill C-21 or any other bill he so chooses. There is no time limit or commitment in Bill S-12 to pass Bill C-21. Therefore, he has established what I would call a renewable mortgage: he can delay a piece of legislation for one year, reintroduce a bill similar to Bill S-12 and continue to delay, if he so decides. I would ask honourable senators in their consideration of this bill to give attention to this factor.

I also have some concerns about article 727 of *Beauchesne's*. In case honourable senators are not aware of article 725, I shall read it into the record:

> A motion for leave to bring in a bill, the objects of which are substantially the same as those of a bill upon which the House has come to a decision in the current session, is out of order.

The House of Commons took a decision on the variable entry factor when it approved Bill C-21. I doubt that the House of Commons will be able to deal with Bill S-12 for that reason, and I am sure that the Honourable the Leader of the Opposition was very well aware of that fact when he introduced his bill. He is on a hot spot. He has been caught on a hook that he baited, and now he wishes to get off that hook. I do not blame him, as his mail will not be very favourable when the VER expires in early January.

Article 725 of *Beauschesne* may possibly apply in this chamber. We have already voted on Bill S-12, a variable entry factor. Will the Senate again be able to vote on the variable entry factor in Bill C-21? I have explained that I am allowing this bill to go through without prejudice and without its being considered a precedent, but I would like a commitment from the Leader of the Opposition that there will be a vote on Bill C-21. I am not asking for a specific date for the vote; I am asking him to assure this chamber that it will be allowed to vote on Bill C-21. In view of the cooperation we have extended to the honourable senator, I think he should give us that assurance, and I would like very much to hear it when he closes the debate.

I should also like to refer to Senate rule 62, which states that the Senate will not deal with a money bill without prior knowledge, and, in case there is someone who has not brought his rule book up to date, the rule was formally established in 1971. Certainly, the government had no prior knowledge of the introduction of this bill. If we had had prior knowledge, it is quite possible that we would not have given consent for the introduction of the bill. I notice a number of honourable senators searching through their desks for their rule books. Allow me to read rule 62:

> The Senate shall not proceed upon a bill appropriating public money—

And Senator MacEachen has admitted that Bill S-12 appropriates money—

> that has not within the knowledge of the Senate been recommended by the Queen's representative.

No one has informed the Senate that the Queen's representative has agreed in this matter.

The Honourable Senator MacEachen spent some time in his remarks dealing with the unemployment situation in Atlantic Canada. The Province of Prince Edward Island, for a reason I do not pretend to understand, established a legislative committee to hold hearings on amendments to a particular federal statute. They have held hearings throughout the province. It is most interesting hearing the reactions of the potato producers in my province to this change in the legislation. The potato producers pointed out that for several years they have been unable to get help to harvest their potato crops because the healthy young people who could assist them in harvesting their crops cease to work at the end of the ten-week qualification period. They have become accustomed to working ten weeks of each year and drawing benefits for the rest of the year. We in Prince Edward Island refer to these people as the "10 and 42 ers".

● (1610)

I received a letter from a potato producer who complained that he was unable to get help to harvest his crop. He asked me what he should do; should he import workers from Mexico and the Caribbean while he is looking for help to harvest his crop? I should point out that the potato crop is the main basis of the economy on Prince Edward Island.

I received a complaint from a fisherman who began his lobster fishing season and, before the season was finished, his two employees quit because they had their ten weeks for stamps and they did not have to work for the rest of the year.

Honourable senators, when we are talking about these changes in variable entry requirements, let us remember that there are a great many people who support them. Last weekend, when I was on Prince Edward Island, I heard a portion of a phone-in radio program sponsored by the CBC. Naturally, they had a couple of Grits there all lined up to condemn the changes. I listened to ten phone calls and every one of the ten said there was a need to change the VER. I do not think that the Honourable Senator MacEachen mentioned any of those.

Senator MacEachen: I did not hear it.

Senator Phillips: He referred to the brief from the province of Prince Edward Island—

Senator MacEachen: —which is the testimony before the committee.

Senator Phillips: They are the main sponsors of the "10 and 42" factor. They will hire flag persons on roads which are developed under ERDA. The federal government pays half, the province pays half, and the flag persons, the labourers, are all hired on the recommendation of the Liberal members of the Prince Edward Island Legislature. At the end of ten weeks those flag persons are laid off and qualify for the 42 weeks of unemployment insurance benefits. Honourable senators, again I say, when we are talking of the effect of this terrible change on the economy of the Maritimes, let us consider that there are certain provinces in Atlantic Canada, especially Prince Edward Island, which have developed a "10 and 42" attitude.

Honourable senators, the Leader of the Opposition, in introducing his motion, cited a number of precedents. I do not intend to dispute or contradict those precedents. They did occur. However, in the case of Senator Connolly's attempt, I am very familiar with that precedent. I remember when he made the motion. He had the support of the government of the day. Senator Flynn had the support of the government of the day, and he was acting on their behalf. The Leader of the Opposition referred back to Sir James Lougheed and Arthur Meighen. However, Sir James Lougheed was a member of the cabinet at that time. This is a point that the Leader of the Opposition has conveniently overlooked—

Senator MacEachen: No, I did not overlook it at all. It was self-evident.

Senator Phillips: Honourable senators, in my research I have been unable to find a case where a private senator, an opposition senator, introduced a money bill with italics in the Senate. No Leader of the Opposition in any Senate in past years has ever introduced a money bill with or without italics.

Honourable senators, the idea of money bills originating in the Senate was a favourite project of Senator Connolly's. He earned the respect of everyone in the Senate for his efforts. However, he ran into one major problem, and that was the ego of the Liberal cabinet ministers. In all fairness, I should say that I do not think the ego factor is limited to Liberal cabinet ministers. I am sure that there are—and have been in the past—a few Conservative cabinet ministers who also suffered from an overabundance of ego. The problem is that once a minister proposes and prepares legislation, he or she wants to introduce that legislation in the House of Commons and receive credit for it. I think the honourable senator is aware of that.

However, I would ask the Leader of the Opposition, since he has had extensive cabinet experience—I will not remark on the quality of that experience, but it was extensive—what would have happened had a proposal such as this been made to Prime Minister Pearson? I am sure that you would have received a diplomatic but a very firm no.

Let us move up, honourable senators. What would have happened had a proposal such as S-12 been made to Prime Minister Trudeau? I am sure that the answer would have been much more emphatic than "fuddle duddle".

Honourable senators, let us then consider what the reaction would have been of the most distinguished Finance Minister the Liberal Party ever produced, and I am referring here to the present Leader of the Opposition.

Some Hon. Senators: Hear, hear!

Senator Frith: More, more!

Senator Phillips: For years I listened to complaints from Grit senators that the Deputy Prime Minister expected them to pass every piece of legislation through all stages in three hours. I wonder what that distinguished former Deputy Prime Minister and Minister of Finance would have said had Senator Flynn, as Leader of the Opposition in the Senate, introduced a bill of this nature in his day. I do not think it would have progressed very far. I can almost hear the explosion all the way down the street from the finance building, where his office was located.

The Leader of the Opposition is a staunch proponent of an elected Senate. However, in introducing this bill he is claiming a right that the Leader of the Opposition in the House of Commons does not have. The Leader of the Opposition in the House of Commons cannot introduce a money bill; yet we find the appointed Leader of the Opposition claiming a right that the elected Leader of the Opposition does not have.

● (1620)

Honourable senators, let us just suppose that this practice became common throughout our parliamentary system and that the Leader of the Opposition in the House of Commons had the right to introduce a money bill and send it over with a blank section to the Senate for approval. The Liberals will shortly be electing a new leader. Sheila Copps, the honourable member for the Hamilton area, claims that she is in second place, and quite often at conventions the person who is in second place on the first ballot wins. Imagine Sheila Copps as Leader of the Opposition, Leader of the Liberal Party in the House of Commons, preparing and sending over to this chamber money bills to be received by Senator Kenny or Senator Lefebvre as Leader of the Opposition in the Senate. Honourable senators, that would be quite a pipeline. There would be about a billion dollars a day coming over that pipeline. It would be impossible for any finance minister to operate in a situation like that.

Senator Buckwold: You sure dug deep for that one!

Senator MacEachen: They could vote it down.

Senator Buckwold: You sure dug deep for that one!

Senator Phillips: We probably could vote it down—

Senator MacEachen: They could vote it down in the other place.

Senator Phillips: —but we would have to get a majority and a change in the Neanderthal attitude on the opposite side before that could happen.

[Senator Phillips.]

Honourable senators, I wonder what the real reason is that Senator MacEachen decided he had to introduce Bill S-12. If he really believed what he said earlier about the unemployed in Atlantic Canada, he would have passed Bill C-21 and we would not be involved in this argument.

Senator Barootes: That is absolutely right!

Senator MacEachen: Who said that? I thought there were intelligent people at that end of the chamber.

Senator Phillips: For years Senator MacEachen was used to introducing in the other place bills with his name appearing on them. Honourable senators, it has been five years, six years—

Senator Hastings: Terrible years!

Senator Phillips: —since he has had that privilege, that responsibility, and I know that they have been long and difficult years for the honourable senator. It is something like my efforts to give up smoking—it is a real struggle, is it not, Senator MacEachen?

So he put his researchers to work to find a means whereby he could introduce a bill with his name on it. The researchers were told to compose a bill so that he could introduce one with his name on it. It was to be a sort of Christmas cantata for the honourable senator. And they researched for hours, caucus met on several occasions on this, and the best composition they could come up with, honourable senators, was a blank page composed by blank minds. That composition will hardly rank with the works of Beethoven or Chopin, but there is a certain similarity, I find, to some of the works of Strauss, because, when the dance master over there taps his feet, the Grits will waltz to whatever tune he plays. Whether it is a blank page or not they will waltz to it.

Honourable senators, I do not think that Bill S-12 is going to be of much benefit to those people who will be caught in the changeover of the variable entrance requirement. A blank page from the Grits really will be a gritty meal for those people to digest. Can't we just see those people who are caught after January 6 going into the CEIC offices and receiving Senator MacEachen's blank page? "Here, apply on that." Surely he has more concern for the unemployed in Atlantic Canada than to hand them a blank page. I cannot imagine that he really thinks that a blank page is helping anyone in the Atlantic provinces.

Honourable senators, Senator MacEachen in his remarks mentioned this bill going to a committee, and I presume that Senator Frith will also want it to go to a committee. May I make one request? Could they consult Dr. Eugene Forsey and ask him his opinion of this practice? I do not think Senator Forsey will come in here and approve of it. Should by any strange coincidence Bill S-12 be accepted by the House of Commons—I don't think it will be, but it is not up to me to prejudge the ruling of the Speaker of the House of Commons.

Senator Frith: But you will anyway.

Senator Phillips: However, I did contact the Table in the House of Commons and ask what procedure would be followed when Bill S-12 reaches that place. Much to my surprise, it

becomes a private senators' public bill. I found it rather strange that the House of Commons would think of Senator MacEachen as being a private senator, but that is the viewpoint over there.

Honourable senators, a private bill in the House of Commons is divided into two classifications, one votable and the other nonvotable. If the bill is nonvotable, it receives one hour's debate, and usually at the end of that time it is talked out. The votable bill receives five hours' debate, but the catch is that, once having received one hour's debate, it then drops to the bottom of the list and has to work its way up again. And it does that four times before a vote can be taken on it. Senator MacEachen was aware of that when he introduced this bill—well aware of it. I should also like to point out to this chamber that there are 14 bills presently on the private members' schedule in the House of Commons. This will become number 15, and about the earliest the House of Commons could deal with Bill S-12, if it is in order, is March 1.

Why is Senator MacEachen talking about helping these people over that period? He is well aware that the House of Commons will be unable to deal with this bill before approximately March 1.

• (1630)

Honourable senators, it would be far better for us to pass Bill C-21. The Special Committee of the Senate on Bill C-21 has, in six weeks I believe, held 13 meetings. The House of Commons has already had extensive hearings; travelled across the country; and given an opportunity to numerous groups to appear before it. I would hope that the Leader of the Opposition, instead of insisting on going down this useless, dead-ended road, would do the honourable thing. The honourable thing, honourable senators, is to urge his colleagues on the Special Committee on Bill C-21 to report the bill without further deliberate delay.

Some Hon. Senators: Hear, hear!

Hon. John B. Stewart: Honourable senators, Bill C-21 was introduced in the House of Commons on June 1 this year. It had third reading there on November 6. The Senate gave the bill first reading on November 7 and second reading two days later, on November 9. I mention these dates to indicate that, when we take into consideration the fact that the legislative committee in the other place on the bill worked throughout the summer, the time the Senate so far has expended on Bill C-21 cannot be called a delay.

Honourable senators, Bill C-21 is a very important bill. That fact was disclosed in the House of Commons by the sponsoring minister, the Honourable Barbara McDougall. She told the House of Commons that the Mulroney government has an approach, indeed, a socioeconomic philosophy. This is what she said:

> Since we came to office in 1984, our philosophy as a Government has recognized that the private sector is the key to the future success of the Canadian workforce and the Canadian economy. Privatization, deregulation, tax reform—the GST, for example—
>
> and free trade are all parts of the same agenda for revitalizing the Canadian economy to meet the requirements of increased globalization of markets and rapid technological change.

Bill C-21 is a key element in the program by which the present government is going to realize its philosophy. It is a key element in the program by which the present government is proposing to put its approach or philosophy into effect.

We are not here today—although perhaps, having heard Senator Phillips, one might question this—to decide finally on Bill C-21. Senator MacEachen has raised some serious questions about the impact of Bill C-21 on provinces represented by honourable senators on both sides of the chamber: Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick and Manitoba to mention only five.

On the other hand, the minister, the Honourable Barbara McDougall, takes an entirely different view. She thinks Bill C-21 is just the remedy for all that ails the economies of Prince Edward Island and Newfoundland. On June 6, 1989, she asked: "How do we better help our less prosperous regions?" She is talking about Newfoundland, Prince Edward Island and Canso, Nova Scotia. Her remedy, honourable senators, is simple: Bill C-21. That is how, according to the minister, Canadians in St. John's, Newfoundland, Canso and Lockeport, Nova Scotia, and Manitoba "can get back into the workforce quickly and permanently."

Honourable senators, there is a real difference of opinion as to the merits of Bill C-21. What we can agree upon, I think, is that Bill C-21, regardless of how we evaluate it, is an extremely important piece of legislation. It is a piece of legislation which will have a fundamental effect on our economy. For that reason this house should do its work on Bill C-21 carefully and thoroughly. But, as Senator MacEachen has said, there is a timing problem. I do not think anyone is blaming that timing problem on the government. The government introduced the bill in June; there was a very long summer recess; eventually the bill did get through the House of Commons. No one is blaming the government for delaying the legislation in order to put pressure on the Senate in the period immediately before Christmas.

But, as Senator MacEachen said, the basic Unemployment Insurance Act provides for an entrance requirement of 14 weeks and, since 1977, that basic entrance requirement, from time to time, has been set aside temporarily. The last time we set the standard entrance requirement aside was on September 30, 1988, the very day the previous Parliament was dissolved in order that there could be an election in November. That was the occasion when Senator Doody made the moving speech quoted today by Senator MacEachen—a speech that led us to support the immediate passage of the bill that brought in the variable entrance requirement régime now in force.

The problem is that that piece of legislation will expire on January 6, 1990, while a new schedule of variable entrance requirements will not come into effect until Bill C-21 becomes

law. What we are discussing here today, then, is not the merits of Bill C-21 but, rather, the need for the Senate to have an opportunity, without pressure, to consider the implications of Bill C-21.

Senator Phillips has said that he does not wish to raise questions of order for a ruling, but he did mention some points with regard to order and suggested that, although he was not going to ask for a ruling, he thought that those points are considerations which ought to be influential when his colleagues from Prince Edward Island, Newfoundland and Nova Scotia—and I mention those because they are provinces very keenly affected—decide how they will vote. He said that Bill S-12 is out of order by reason of inconsistency between itself and Bill C-21. But what is the inconsistency to which he refers? He says that the timing of the two bills conflicts. But it does not conflict. Bill S-12 prescribes, in its third clause, that:

> This Act shall come into force or be deemed to have come into force on January 4, 1990.

It is for a term of one year, expiring on January 6, 1991.

On the other hand, Bill C-21, in clause 57, states that:

> This Act or any provision thereof or any provision of the *Unemployment Insurance Act*, as enacted by this Act, shall come into force on a day or days to be fixed by order of the Governor in Council.

There is no inconsistency. If Bill C-21 is enacted and is brought into effect by order of the Governor in Council, it will supersede Bill S-12. There is no inconsistency in that.

He then refers to standing rule 62 of the Senate, which he quoted. It states:

> The Senate shall not proceed upon a bill appropriating public money that has not within the knowledge of the Senate been recommended by the Queen's representative.

I guess he has not read Bill S-12. In fact, perhaps he was not even here when Senator MacEachen explained why clause 2(2) is in italics. Perhaps he did not hear the explanation of why the bills brought in by Senator Flynn and by Senator Connolly, and the other bills brought in over the years, have had similar words in italics to indicate that they are not to be part of the bill and that, if that clause is to stand as part of the bill when it goes forward for Royal Assent, the appropriation that would be made by those words or comparable words will have to be recommended by the Governor General and made a clause of the bill in the other place, a clause the Senate would then concur in after a message had come to us from the House of Commons. There is no difficulty as far as order is concerned, based on standing rule 62 of the Senate.

He makes another argument. He says, "Yes, it is a good procedure, but only if it is done by a minister." How can it be a good procedure if it contravenes rule 62, as he believes?

● (1640)

The problem of introducing in the Senate bills that appropriate money is not in the standing orders of the Senate but, rather, in section 53 of the Constitution Act, 1867. If the method which has been used over the years, the method which was used by Senator Flynn in 1979, was proper, then that method is proper in the case of Senator MacEachen's bill.

There is nothing in section 53 of the Constitution Act which makes any distinction whatsoever between the right of a minister of the Crown or of a private senator to bring in a bill in this place. That distinction is irrelevant in the Senate. That reason, as stated by Senator Phillips, would be only a specious reason for rejecting this bill.

What we have before us today, honourable senators—and what we are really discussing—is the role of the Senate in legislation. That is an important topic. I will not say much about it, but we know that Quebec and Ontario elect 174 members of the House of Commons; the rest of Canada elect 121. The eastern provinces elect 32; the western provinces now have 86; and there are three from the territories.

The balance is clear. Those of us who come from the smaller provinces—Nova Scotia, Newfoundland, P.E.I., Manitoba, Saskatchewan, et cetera, are not complaining about that. However, we are saying that the men who founded this country recognized that the weight of numbers in the House of Commons would favour Ontario and Quebec. Therefore, they created the Senate, a second house which would be able to exercise a braking power on the House of Commons where the interests of Nova Scotia, Newfoundland, Prince Edward Island, Manitoba, Saskatchewan and so on are concerned.

I am surprised that Senator Phillips spoke as he did this afternoon. He is from the province with the smallest representation in the House of Commons. In fact, there are fewer members in the House of Commons than in the Senate. The arguments that we have heard from Senator Phillips—

Senator Phillips: Honourable senator, pardon me. Did I hear the honourable senator say, "fewer members in the House of Commons than in the Senate"? He knows very well that the Senate floor applies.

Senator Stewart: Yes.

Senator Phillips: I can tolerate the inaccuracies that he has given so far—and he has given an awful lot of them—but, as a constitutional authority, surely he knows that.

Senator Stewart: I thank the Honourable Senator Phillips for his interjection. However, the arguments that he has put forward here today come with poor grace—

Senator Phillips: They were good ones.

Senator Stewart: —from a senator who represents a province which, if it were represented in the House of Commons on the basis of representation by population, would have only one member, at the most two, in the House of Commons as against four in the Senate of Canada.

Senator Phillips: Why do you complain about that on this bill?

Senator Stewart: What we are talking about here today is the role of the Senate. I should think that Senator Phillips would be standing in his place along with senators from Nova

Scotia and Newfoundland to defend the interests of the people whom he was summoned here to represent.

Honourable senators, the importance of Bill C-21 for our regions is the real question. Which of us will seriously say that everyone worth hearing on Bill C-21 was heard by the House of Commons? Will Senator Phillips say that everyone worth hearing on Bill C-21 was heard by the House of Commons?

Senator Phillips: Will you assure us that everyone who has been heard by this Special Committee of the Senate on Bill C-21 has been worth hearing and that you are not just repeating what has gone on already?

Senator Stewart: I am sure that every committee from time to time hears repetitious evidence. That is not the point. The point is that there are people who have viewpoints not yet heard which are worth hearing. They should be given an opportunity to be heard. Senators should be given an opportunity to hear them.

Which senator—be he or she from Prince Edward Island, Newfoundland or Quebec—will say that our only duty as a legislative body is simply to act as a rubber stamp? Which of us will say that what we ought to do is simply to rubber stamp bills and cash our cheques? Is that our interpretation of our role? Which of us is to say that something as fundamental as the Mulroney philosophy—I do not say the Progressive Conservative philosophy—as embodied in Bill C-21, is to be received unexamined by the Senate and by the people of Canada and accepted as an act of faith?

• (1650)

Senator Phillips not only criticized Bill S-12 on empty points of order but he attacked it because it extends the variable entrance requirements. He told us about his friend, a potato farmer down in Prince Edward Island. He attacked the fact that people from Prince Edward Island become eligible for unemployment insurance benefits if they have worked for ten or eleven weeks. Did I understand the senator correctly?

Senator Phillips: And quit.

Senator Stewart: In that case, are we to understand that Senator Phillips is going to vote against Bill C-21? That bill provides, in the case of Prince Edward Island, virtually the same variable entrance requirements as those that exist in the law which would be extended for some weeks by Bill S-12.

Senator Phillips: That is all the more reason for you to support it. You should be supporting Bill C-21.

Senator Stewart: You are the one who, this very afternoon, attacked the concept of variable entrance requirements, and then in the next breath urged us to pass Bill C-21, which provides for variable entrance requirements that, in the case of Prince Edward Island, are almost exactly the same.

Senator Phillips is being inconsistent. He is advising us improperly. Why doesn't he read the bill? Senator Phillips should go to the committee. What he really has accomplished this afternoon is to disclose the importance of the work of the committee on Bill C-21. If Senator Phillips would attend a meeting of the committee, he would discover some of the implications of Bill C-21.

Honourable senators, I approach my conclusion and I ask you to hear me out. We are told these days that a new economic environment is being introduced by the present government; we are told that in this new economic environment many adjustments will be necessary. Canso, Lockeport, St John's and many other places throughout Canada will have to undergo adjustment. I looked up "adjustment" in the dictionary; I find that an adjustment is a change intended to eliminate discrepancies.

Senator Flynn: I did not know that!

Senator Stewart: Yes. So Senator Flynn regards Canso as a discrepancy to be eliminated. An adjustment is a change intended to eliminate discrepancies so as to adapt to a standard—

Senator Flynn: You are talking through your hat.

Senator Stewart: —or to achieve a purpose. That is what an adjustment is, and we are now to undergo adjustments. Canso is undergoing an adjustment. St John's is undergoing an adjustment. Lockeport is undergoing an adjustment. No, honourable senators, that is not what Canso is undergoing; Canso is undergoing extinction. And what is the reaction of the people of Canso? At the moment their reaction is one of incredulity. They simply cannot believe it. Their reaction has not yet developed into either hopelessness or outrage.

According to the minister when she introduced this bill, the approach of the government is that, and now I quote:

> . . . the people who best know what is needed in a local economy are the people who live there.

The people whom I represent in the Senate of Canada want to know how Bill C-21 will affect them. They want to know the economic and social implications of Bill C-21 for their communities. These people are not unrealistic, but they want to know. They have a right to know.

The work done on Bill C-21 by the House of Commons was highly acrimonious. We pride ourselves here on being able to take a bill and put aside, after an initial flurry, much of the political smoke, to analyze a bill and discover what its real implications are. That is what we ought to be doing with Bill C-21, but we cannot do that without hardships for workers who become unemployed in January unless we have the cooperation of the government to enact Bill S-12 into law. We need their cooperation. The people of Atlantic Canada need that.

It would be a wonderful thing, honourable senators, if, recognizing the desperate economic plight which now prevails in Atlantic Canada—putting aside the question of who is responsible, but recognizing the plight—the Prime Minister were to agree to the immediate enactment of Bill S-12. It would be in keeping with the season and, far more than that, it would show sensitivity to the the plight of our people.

Some Hon. Senators: Hear, hear!

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I will be very brief.

I rise for two reasons. The first is that Senator MacEachen mentioned me yesterday in his argument for presenting this bill. The second is the dispute just now.

Concerning this dispute, I note that Senator MacEachen does not like to be interrupted, especially when he is asked a difficult question. He then loses control, he loses his cool a little and threatens to use his majority to do something to me, perhaps expel me from the chamber.

In any event, if I really said something offensive to him, which I doubt—and I am not talking about an argument which he cannot respond to—but if I said something offensive to him, I apologize. But let him know that this apology is not motivated by his threat.

Regarding the procedure of this bill, he quotes precedents. These precedents do not apply in this case. First, the procedure was never used thoroughly except perhaps in the 1921 case of which he spoke. As Senator Phillips pointed out, this procedure has always been used in cooperation with the House of Commons and with the government, never in opposition to the government. In this case, it is being used against the government.

Secondly, they were always bills that were essentially not financial. The Bankruptcy Act, for example, which was twice introduced here in the Senate, only occasionally has a financial impact and this does not affect the substance of the bill. That is why it is quite appropriate for the Senate to be asked to study this kind of legislation in advance.

In such a case, the government sees fit to ask senators, in view of their expertise, to study a technical bill and report on it, and to have the financial provisions, accompanied by the royal recommendation, adopted in the other place.

Here we have a bill whose substance is purely financial. Even clause 1 of Bill S-12 says:

> (6) During the period that begins on December 4, 1977 and ends on January 6, 1991, the number of weeks that an insured person, other than a new entrant or re-entrant to the labour force, shall have in order to qualify for benefits shall be based on the regional rate of unemployment that applies to that person—

So this provision, which is not in italics, is financial in nature. Under section 53, it must originate in the House of Commons and be supported by the royal recommendation.

The precedents which he cited—that is, the only precedent he cited, because none of the others came to term—do not apply. Furthermore, the House of Commons has already rejected the same proposal. On December 5, Mr. Warren Allmand made the following motion in the House of Commons:

[The Hon. the Speaker.]

● (1700)

[*English*]

> That, in the opinion of this House, the government should give urgent consideration to introducing in the immediate future a bill to extend the variable re-entry provisions of the Unemployment Insurance Act in order to assure full protection of workers in economically distressed regions;
>
> That this House declare its willingness to pass such a measure in no more than one sitting; and
>
> That, for greater certainty, this House declare that the passage of this motion does not constitute a vote of no confidence in the government.

[*Translation*]

This proposal was put to a vote and defeated in the House of Commons, which means that a bill will be referred back to the House, asking it to revise its decision, and that in the same session! It doesn't make sense and it is an insult to the House of Commons.

If I remember correctly, this is contrary to the Standing Orders of the House of Commons.

Bill C-21, which we discussed earlier cannot, I repeat, and this is the argument that upset the Leader of the Opposition, be amended by the Senate to increase benefits for any party whatsoever.

Of course, as is the case for any other bill, the Senate can say no, but the Senate cannot improve the benefit provisions it contains. That is why the committee's work is useless in the present context. I would suggest, assuming the Leader of the Opposition really wants to help all the people who stand to benefit from the passage of Bill C-21, that we agree to tell the committee: Report the bill back without amendment and without delay; we will let you continue to hear witnesses; you can then report on any improvements you think should be made in the bill. In that case, the special committee would have all the time it needs and no one would suffer. Of course, if Senator MacEachen tells me he intends to prevent this bill from being passed and if the committee reports that the bill should be rejected, that is something else. If he tells me that the committee simply intends to comment, as Senator Hébert said the other day, if we are just talking about recommendations, then there is no need to delay passage of this bill.

We will authorize the committee to pursue its considerations and make recommendations and comments when it deems appropriate. That would be a positive way of dealing with the problem.

What we have here is just a manoeuvre, part of the entirely personal concept of a new Senate which Senator MacEachen, with his well-known objectivity, has been pushing since 1984. There is no doubt about that. It is a manoeuvre. It is as clear as the nose on your face.

This is merely an attempt to make the government take the blame for the mistaken decision by the special committee, supported by the Leader of the Opposition and by the Leader

of the Liberal Party, Mr. John Turner, not to report on the subject matter of the bill until the end of January, at the latest. Senator MacEachen proposed this bill simply to save face. It's an insult to our intelligence and to the House of Commons which has already spoken.

Hon. Gérald-A. Beaudoin: Honourable senators, I would like to say a few words about the technique used with respect to the bill before us today. I don't think it is very regular. I intend to limit my brief remarks to this technique.

I have noticed in the Senate and in committee that occasionally, there are people who would like to amend sections 53 and 54 of the Constitution. Now their reasons may be good or bad, but that is not the point. I think that if we want to amend sections 53 and 54 of the *Constitution Act, 1867*, we must use the appropriate amending formula.

That is not what the bill before us does. A bill or even an act cannot have that effect. Nothing less than a genuine constitutional amendment would be necessary to avoid violating the provisions of sections 53 and 54.

[*English*]

Of course, the opposition will say, "Look, we have some precedents." It is debatable, of course, but one could say that there have been a few precedents since 1867. The practice, however, goes essentially the other way, and the other place does not think that it is bound by such a procedure.

Of course, one may say that if precedents are numerous enough, they may, at a given point, constitute a convention of the Constitution and, as was said by the Supreme Court in the patriation case of September 28, 1981, a convention may even go against a provision in the Constitution. As a matter of fact, we have some examples in our Constitution. The Supreme Court, however, also said in that case, in relying upon the criteria of Professor Jennings, that we need three conditions to establish a convention of the Constitution—first, precedents; second, a good reason or raison d'être; and, third, the actors should consider and agree that they are bound by such precedents or practice.

I do not think that the senators on this side or the members of the other House consider themselves bound by a few precedents while the long-established practice is well founded and to the contrary.

• (1710)

Therefore, honourable senators, in my opinion, after listening to all of the arguments pro and con and the merits of the case, and restricting myself to that practice or technique that is used here, I hope that the letter and the spirit of sections 53 and 54 of the Constitution will prevail over the technique used in the bill before us.

Senator MacEachen: Honourable senators—

The Hon. the Acting Speaker: I draw the attention of honourable senators to the fact that if the Honourable Senator MacEachen speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator MacEachen: Honourable senators, I think I have made the principal points I want to make. They are, of course, in the procedural field and in the field of the substance of the bill. I have always taken the view that at times the substance ought to be of some guidance in terms of procedural requirements. We notice that the substance has to be helpful, if not governing, on occasion.

On Friday last we waived any number of procedural rules of the Senate in order to accommodate the back-to-work legislation because of the urgency of the substance, and we find that that very frequently happens. However, I observed that the government was unwilling to introduce a bill, and no satisfactory explanation has been given today as to why the government has not moved.

The government therefore having failed to provide for the variable entrance requirement until the enactment of Bill C-21, I wondered whether there was any step that the Senate could take to overcome the difficulty that we face. My office consulted the parliamentary counsel and it is on his advice that I proceeded in this direction. It was the parliamentary counsel who prepared the bill, who provided the precedents, and who put forward this device.

I was surprised when my staff and I began to look into the precedents to find that there were not only precedents in the 1920s, which I quoted, and in the 1940s but also in the 1970s by which a bill of this type was introduced in the Senate. Obviously, it would be rudimentary; the first thing you would say would be: "Is it only available to a minister?" And why should it be? As Senator Stewart pointed out, the Constitution, section 53, draws no distinction. It does not say a minister can do it and a private citizen or a nonministerial senator is not able to do it. It draws no such distinction, and I think it is a matter of real obstacle-building, a searching for obstacles, to draw this obstacle and say: "No, you cannot do it. You are not a minister, and you must have sort of an arrangement with the other side before you can do this." That is the burden of the argument we heard today from Senator Flynn; that a senator can move only when he is given a signal by a member of the government. That was his argument.

Honourable senators, this is an independent house—at least I thought so—and the House of Commons is an independent house, and each house reacts to what the other does. After all, the House of Commons does not consult us in any way as to what it will do. It proceeds under its rules and we receive its legislation and deal with it in a normal way. I find it extraordinary that we have had major arguments made by supporters of the government on the other side of this house, saying that we should not do this because it may contravene the rules of the House of Commons. Honourable senators, the rules of the House of Commons are in their control, and we know that some of the rules are bad and wrong. We had an argument in this chamber some months ago regarding a ruling of the House of Commons relating to a standing order of the House of Commons which attempts to remove from the Senate powers which it had received from the Constitution of Canada. I am sure honourable senators will remember that. I certainly do.

The House of Commons cannot remove from the Senate authority which it receives from the Constitution by simply amending its own rules. We are separate houses, and I understand fully that if what I am proposing is not favourably received by the government it will get nowhere. I understand that. However, I thought it might give the government an opportunity to rectify a difficulty, avoid some hardship, and be consistent with what it has done in the past.

I assure all honourable senators that today I have listened to the procedural arguments, but nothing that has been said has removed the power of the precedents. Arthur Meighen moved one of these bills that orignated in the Senate into a committee of the House of Commons in order to insert the provision which Senator Phillips ridiculed today. Senator Phillips thought that was just a ridiculous thought coming from the Leader of the Opposition; that it was stupid. However, it was a technique originated by Senator Lougheed in the Senate and accepted and implemented by the Right Honourable Arthur Meighen.

I thought it was an ingenious method that they had followed to permit bills of this kind to originate in the Senate without denying the Constitution or denying to the government the right to seek the royal recommendation. I understand fully that if the House of Commons does not move to insert the italicized clause, the bill will get nowhere; I understand fully that if the bill does not receive the royal recommendation, it will get nowhere. I also understand fully that if the bill goes on to the list, it could be debated next March. I understand that.

Senator Frith: As did Arthur Meighen; he understood all of that too.

● (1720)

Senator MacEachen: I understand all of that. I am saying that tomorrow the members of the House of Commons and the government will have an opportunity to reconsider, to say, "Why not put in this clause?", because otherwise we will see some hardship in January and February to a class of workers. This bill will give the government a chance to reconsider its decision. If it says no, I accept that. I understand it fully.

Senator Phillips thought that I was hungering, that I was thirsting, for a bill with my name on it—I was just lusting to have this pallid piece of paper under my pillow at night. I rose from the dead with Bill S-12. I can assure honourable senators that I did not have that in mind at all. This is a way to say, "Yes, we cannot pass Bill C-21 now. We know there will be some delay. We know there is a difficulty and we are putting this forward to the House of Commons for consideration of the problem." That is all. And if we pass it in the Senate it will go over there, and, if they say no, that will be the end of it—this time.

Senator Flynn has said, "Well, why not pass it now? You can't change Bill C-21." I understand that there are difficulties, but I am not sure that there are not some constructive ways in which Bill C-21 could be changed. I am not sure, that is all—I am not sure.

[Senator MacEachen.]

We have to examine that, but I can tell honourable senators quite frankly that if I were asked to cooperate in passing Bill C-21 before Christmas, I would be traumatized, because I know it is the wrong thing to do.

Some Hon. Senators: Hear, hear!

Senator MacEachen: It is the wrong thing to do, to pass it before Christmas. The committee has just begun its work. We have not analyzed the bill ourselves. We have not heard the evidence and we have been asked to pass the bill this week—today—and forget about our obligation.

When people ask why a bill has to go to a committee of the Senate when it has already gone to a committee of the House of Commons, I say that if that is a valid argument, why have a Senate? I thought we were the chamber of sober second thought, a revising chamber that looked at these bills on its own time, with its own minds and with its own witnesses. If we were to accept the work of the House of Commons, if we were to take the view that we have received the bill now from the House of Commons, that they have done the work, then it would question very seriously the validity of the Senate. We are supposed to do our own work when the bill comes here, and if we cannot do that then we should not put up the pretense—if it is a pretense—that we are a chamber of sober second thought.

I am telling honourable senators that our caucus in the Senate—these Liberals, who are a very independent group, despite what Senator Flynn said—

Senator Frith: Hear, hear!

Senator MacEachen: —has been virtually unanimous in saying that this bill should be properly studied.

Honourable senators, there is going to be a political battle. The Prime Minister will say, "Those decrepit Liberal bagmen, unelected, are holding up this bill." That will be the first blast, although I think he has elevated our status somewhat, because he said the other day, "Tell Allan MacEachen to call off his troops." So we have been promoted—we are not Liberal bagmen, we are fighting soldiers!

Some Hon. Senators: Hear, hear!

Senator MacEachen: Senator Phillips said, "Well, why don't you give a commitment as to when you are going to pass the bill? And why don't you put in a different date?" If the government had been interested in reaching some agreement along those lines, we would have had discussions. Senator Phillips held out the idea that we are going to hold up Bill C-21 until January 1991. Well, that is crazy. We have no such intention. Our intention is to do our work and to have Bill C-21 dealt with as quickly as possible. That is our commitment. Now, why don't you make a commitment and say, "Yes, Bill S-12 is a good bill. It is what we in fact have brought forward every year." Why don't you on the other side make a commitment to support us—to carry some moral weight—

An Hon. Senator: Join the army!

Senator MacEachen: —to the House of Commons and to the Prime Minister with your support?

Some Hon. Senators: Hear, hear!

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE OF THE WHOLE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move that the bill be referred to a Committee of the Whole and that the Senate do now resolve itself into a Committee of the Whole to deal with Bill S-12.

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

Hon. Senators: Agreed.

Motion agreed to.

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Nathan Nurgitz in the Chair.

The Chairman: Honourable senators, the Senate is now in Committee of the Whole on Bill S-12, to amend the Unemployment Insurance Act. Shall the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 1 carry?

Some Hon. Senators: Carried.

Senator Flynn: On division.

The Chairman: Shall clause 2 carry?

Senator Frith: Honourable senators, conforming with the precedents that were cited by Senator MacEachen and referred to by others—and I am referring particularly to the citations made at page 911 of the *Debates of the Senate* of December 15, 1989—I will quote *Beauchesne's*:

> If it is found convenient to introduce Bills involving public expenditure in the Senate, in such a case, the money clauses are embodied in the Bill as presented, in order to make it more intelligible. When the Senate goes into committee on the Bill, these clauses are ordered to be left out. They are printed in red ink or italics in the engrossed Bill sent up to the Commons, and are technically supposed to be blanks.

I move that it be ordered that the italicized clause be left out.

Senator Phillips: Honourable senators, I have a question for Senator Frith. If the italicized clause is removed, would he explain to us the procedure to be followed in inserting it back into the bill when it reaches the other place? I am thinking of the ability of the sponsor of the bill to reinsert that clause, and I would ask Senator Frith to explain it.

• (1730)

Senator Frith: Honourable senators, I do not know how they do that in the other place, but that is where it is done. I am simply making the motion that is required to be made here in accordance with the traditions and precedents. In respect of what they do over there, you can read about it, but I am not going to presume to give them advice on how they do it.

Senator Phillips: I am awfully surprised to hear the senator say that there is something he does not know. It is a most unusual situation for him. May I ask him who the sponsor will be, and then we can proceed from there?

Senator Frith: Now there are two things I don't know!

Senator MacEachen: I should like Prime Minister Mulroney to be my sponsor.

Some Hon. Senators: Hear, hear!

Senator Doody: A popular choice.

Senator Phillips: I can assure the honourable senator that he could not get a better sponsor.

Senator Frith: Failing that, Minister McDougall.

The Chairman Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

The Chairman: Shall clause 2 carry as amended?

Hon. Senators: Carried.

The Chairman: Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill with one amendment?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honourable senators, the sitting of the Senate is resumed.

REPORT OF COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: Honourable senators, the Committee of the Whole, to which was referred Bill S-12, to amend the Unemployment Insurance Act, has examined the said bill and has directed me to report the same with one amendment.

A Clerk at the Table: The Committee of the Whole, to which was referred Bill S-12, an act to amend the Unemployment Insurance Act, reports the bill with the following amendment:

Page 1, clause 2: strike out subclause (2)

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

Hon. Royce Frith (Deputy Leader of the Opposition): With leave, now.

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

Some Senators: Agreed.

Some Hon. Senators: On division.

Motion agreed to and report adopted, on division.

THIRD READING

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

Senator Frith: With leave, now.

Hon. Jacques Flynn: Honourable senators, on the question of leave, may I note for the benefit of Senator MacEachen that we, on this side, have waived a number of rules to facilitate his task. He was complaining about that some time ago.

Senator MacEachen: I acknowledge that, and I agree that this is another example where substance is governing procedure.

Senator Flynn: In this case.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

Motion agreed to and bill read third time and passed, on division.

NORDION AND THERATRONICS DIVESTITURE AUTHORIZATION BILL

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Poitras, seconded by the Honourable Senator David, for the second reading of the Bill C-13, An Act to authorize the divestiture of Nordion International Inc. and Theratronics International Limited.—(*Honourable Senator Neiman*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I would ask that Order No. 5 stand in Senator Stanbury's name.

Order stands in name of Senator Stanbury.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Efstathios William Barootes moved the second reading of Bill C-23, to amend the National Energy Board Act and to repeal certain enactments in consequence thereof.

He said: Honourable senators, I will not delay the Senate beyond seven o'clock!

I assure you that Bill C-23, when enacted, will update our regulatory procedures governing electricity exports and bring them into line with the realities of today. It will complete the government's reform of oil, natural gas and electricity regulations.

These amendments to the National Energy Board Act are being introduced because that legislation has become outdated. First, the regulatory environment has changed dramatically since the National Energy Board was created in 1959. Over the intervening three decades Canadians have been well served by the board and its governing legislation. However, it is time to recognize that new regulators and new regulatory processes have been established since the days when the board was first conceived.

Second, new issues have arisen and become important to the regulation of electricity exports. The legislation governing the National Energy Board must reflect the concerns that will be important for the 1990s and beyond. Let me give you two examples.

When the board was created, most provinces did not think of themselves as potential exporters of electricity. Several anticipated they might become importers. Thus, there was a need for the board to be highly cognizant of forseeable energy needs within Canada. The board had to pay particular attention to whether a proposed export would be surplus to those needs.

Today all provinces are self sufficient in electrical generating capacity, and nine are either electricity exporters or regard themselves as potential exporters. In fact, during 1988 the exporting of electricity accounted for 6 per cent of generated power and earned us, in Canada, a revenue of $880 million. It created jobs, economic activity and industrial and high-tech spinoffs.

Clearly, the electricity supply situation has changed. I am not saying that the question of whether electrical energy is surplus to Canadian requirements is irrelevant; however, it no longer needs to be one of the two or three most dominant factors in determining whether or not an export proposal is in the Canadian interest.

One area of concern the National Energy Board Act does not mention at present is environmental protection. That clearly is unsatisfactory, in light of what we know today about the vital importance of looking after the planet. Bill C-23 makes the environment an explicit priority of the National Energy Board.

The concern that has been expressed is that the National Energy Board will no longer be able to protect the Canadian public interest, especially with respect to the environment. On the contrary, the new electricity policy will allow the NEB to respond to the most urgent issues of the 1990s.

For the first time, Bill C-23 makes the environment an explicit priority of the NEB. Although the board is charged with looking at all considerations that it deems relevant in

appraising an application, three important criteria have been spelled out in the bill. I would draw the special attention of senators to those: first, the board will consider any impacts a proposed export or international powerline might have outside the sponsoring province; second, the board will establish that Canadians wishing to buy electricity for their own domestic needs must have access to that electricity on terms no less favourable than those of the export customers; the third criterion is the environmental impact of a proposal and, in particular, whether it complies entirely with federal environment standards. Specifically, any applicant to the NEB will be required to file an assessment of the probable environmental impacts of the proposal and a statement describing what measures will be taken to mitigate those impacts. Moreover, an applicant will have to demonstrate to the board that the proposal is fully in compliance with federal environmental assessments.

● (1740)

As well as ensuring that the National Energy Board addresses the prevalent concerns of our day, the bill also recognizes that the regulatory systems have changed and developed over the past three decades.

Honourable senators, there is overlap of federal and provincial jurisdiction in the area of electricity exports such as international power lines. That means that both levels of government have responsibilities to regulate. However, back when electricity exports were minimal, the provinces obviously had little need of mechanisms to oversee exports. That task was left almost entirely to the National Energy Board. But things have changed. Today all provinces have institutions and procedures to oversee the electrical industry. Those which export electricity have mechanisms and processes to regulate that activity. Thus, a system has evolved in which electricity exports are regulated twice: once by the provinces and again by the National Energy Board.

Up to now the board has been required to hold public hearings into all applications to export electricity except those of a most minor nature. This has meant that the board sometimes conducts hearings into matters already thoroughly and adequately reviewed by the provincial regulatory processes. Such duplication, where unwarranted, yields no advantage and is a burden our society cannot afford.

One of the primary aims of this bill is to eliminate that unnecessary duplication while ensuring that the interests of Canadians are fully safeguarded. Bill C-23 accomplishes this without ceding any federal jurisdiction over electricity exports or in any way diminishing the federal power to regulate this area.

All electricity exports and all proposed international power lines will continue to require NEB authorization. Before authorizing an export or a power line, the board has a duty to consider all matters that it deems, in its impartial and competent judgment, to be relevant.

However, with the revisions in Bill C-23, the board will look at reviews of an export proposal which have already been carried out at the provincial level. When the board judges that provincial assessment has been sufficient to protect fully the interests of the Canadian public, it will not be required to repeat that assessment. In other words, the board will now have discretion to dispense with hearings that are, in its judgment, an unnecessary and expensive duplication.

However, if provincial scrutiny is in any way inadequate or insufficient in scope, the National Energy Board will take decisive action. It will recommend a new review be conducted, complete with public hearings. Federal regulation will complement, not duplicate, provincial efforts.

Bill C-23 makes a few other changes to the regulation of the electricity trade. For example, it addresses difficulties which might arise if two or more provinces cannot agree upon the exact routing of an international power line. Under this bill, an applicant to build such a line has the option of having the exact route determined by federal, rather than provincial, regulations and processes. The bill streamlines the operation of the National Energy Board, reduces its cost to the taxpayers, and clarifies some of its other responsibilities.

In summary, honourable senators, I would point out that Bill C-23 is expected to spur the provinces to bring their regulatory processes in line with federal requirements. This bill will strengthen the entire system for regulating electricity exports. It will eliminate wasteful duplication, ensure that federal regulation remains as effective as ever, and will fully protect the interests of Canadians.

Hon. Philippe Deane Gigantès: Will my honourable friend accept a question?

Senator Barootes: I would be happy to, if I can answer it.

Senator Gigantès: Thank you. If I am not mistaken, you said that all provinces are now self-sufficient as far as generating power is concerned. Is that right? Did I hear you correctly?

Senator Barootes: No. However, you may be right. Some anomalies have existed just in the last two or three months, if you are referring to the Manitoba and Ontario situation.

Senator Gigantès: But surely the true meaning of self-sufficiency is that you have your own resources, not that you simply have the means of processing those resources. I have not heard that Prince Edward Island had oil, gas, uranium or hydroelectric power. How can you say that all provinces are self-sufficient?

Senator Barootes: I am sorry. I do not think we are at odds on this question at all. It does mean that most provinces—in fact, eight or nine of them—are now exporting electrical generating capacity either to other provinces or to the United States.

As far as I know, the anomaly to which you may be referring is one which has just existed in the last short while with respect to Ontario Hydro and a certain situation that has arisen. If my reading is correct, I believe that the new nuclear generating plants in Darlington have not come on stream as rapidly and perfectly as they had expected. However, there

may be some repurchase of electricity from another province and some from a state in the United States. I believe that state is Ohio.

Senator Gigantès: We are not communicating, sir. Perhaps we will try later, just you and I.

On motion of Senator Hays, debate adjourned.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, perhaps we could continue with the second reading of Bill C-47, and not see the clock. We are asking this because the Standing Senate Committee on Legal and Constitutional Affairs is sitting. If we can send this bill to it, that will save the committee's having to meet tomorrow.

The Hon. the Speaker *pro tempore:* Honourable senators, is it agreed?

Hon. Senators: Agreed.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING

Hon. Norman K. Atkins moved the second reading of Bill C-47, to amend the Canada Elections Act.

He said: Honourable senators, I am pleased to provide a brief explanation of Bill C-47, an act to amend the Canada Elections Act.

The bill corrects an omission in the Canada Elections Act of a revised statute of Canada in 1985. By inadvertence, a section—formerly number 20 of the act in the first supplement of the revised *Statutes of Canada, 1970*—which required that nominated candidates at an election qualified as electors was omitted from the revised *Statutes of Canada* in 1985.

The bill is very short and is technical in nature. Clause 1(1) and its former section 20 now propose section 76.1 to the Canada Elections Act. This section specifies that a person who qualifies as an elector may be a candidate.

Clause 1(2) provides that subsection 331(1) of the Canada Elections Act does not apply to the amendment in clause 1(1). This subsection, 331(1), provides that no amendment shall apply to an election for which the writ is issued within six months from the passage of the amendment unless the chief electoral officer has given notice of its passage in the *Canada Gazette*. This will ensure that the amendment contained in Bill C-47 will apply to any election for which the writ was issued between the coming into force date of the revised statutes and the date on which Royal Assent is given to the act.

● (1750)

It is unfortunate that the former section 20 was omitted from the *Revised Statutes of Canada, 1985*; it is important that this bill be enacted as soon as possible as it affects the qualifications of candidates in elections. Without this amendment, persons who do not qualify as electors, that is, minors and non-Canadian citizens, could be candidates in future elections. Thank you, honourable senators.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, because of the very fact that the sponsor of this bill knows something about elections—

Senator Petten: That is for sure.

Senator Frith: I thank him for his speech. Clearly, what has happened is that an error was made in 1985. Senator Atkins and I talked about this, and the reason section 76.1(3) says December 12, 1988, rather than 1985, which is when the error took place, is because the proclamation date was 1988. To err is human, and I suppose to forgive is divine, but I do not think we should get involved in that divine work. Perhaps we should get to the more secular work of practically passing this bill at second reading, letting the Committee on Legal and Constitutional Affairs have a quick look at it—and I am sure it will be a quick look—report it back, and then we can pass the bill this week. We support that initiative.

Hon. Senators: Hear, hear!

Hon. Eymard G. Corbin: Honourable senators, when the 1985 legislation was presented to this house, Senator Stewart and I made a number of objections, and I distinctly remember at the committee stage pointing out a number of inconsistencies between the English and the French texts. We were assured at that time that those inconsistencies would be looked at and corrected when the next occasion arose to amend the legislation. It was admitted by one of the witnesses appearing before the committee that there were indeed inconsistencies. The text meant one thing in English and another thing in French.

Since this is an opportunity to amend a flaw in the bill, I regret that the opportunity is not being used to correct the inconsistencies, which were admittedly in need of correction back in 1985, or to deal with those problems. However, I simply underline the fact that there are inconsistencies. I do not know if I have to conclude that we were given a promise in the committee in 1985 which has been forgotten, or if indeed the government still intends to deal with the improper French text in one instance and the improper English text in the other instance. There were other problems as well.

If it was the government's intention some four years ago to do something about this defective bill, I simply say in passing that it has not, on this occasion, attempted to deal with these specific items we were told would be corrected. We were given a firm *engagement* or a firm commitment on the part of the government, and I regret to have to stand up here today and say that that commitment is not now being honoured. I hope it will be in the near future. Thank you, honourable senators.

Hon. Duff Roblin: Honourable senators, perhaps I could offer a helpful suggestion to the house on this matter. As a revising chamber, perhaps we could give widespread support, in the case of this bill, to make the necessary revisions in committee, with the expectation that that would be acceptable

to the other chamber without lengthy altercation. Why don't we accept this bill and, when we get it into committee, if we think it needs amendment then we can amend it.

Hon. John B. Stewart: Honourable senators, what both Senator Corbin and Senator Roblin have said is worthy of consideration. I do not want to get into the general question of ministerial and official assurances, but again and again we are given assurances as to the interpretation of clauses, and then ministers and law officers of the Crown say, "Well, that may be what the Deputy Minister of Finance said, but that is not what the black letter of the law says." We also get assurances that laws will be rectified as soon as possible, such as the one Senator Corbin referred to.

Senator Roblin: I suggest to my friend that the remedy is in our hands.

Senator Stewart: In other words, we should not accept those kinds of assurances.

Senator Roblin: The remedy is to improve the bill when we get it into committee.

Senator Stewart: Let me ask this question: Will Senator Atkins, now that he knows about this problem, have someone in the department turn up the record of the committee and discover what sections of the act need to be changed to deal with the problem that was identified at that time? If it is something that can be dealt with quickly, then we ought to accept Senator Roblin's suggestion. If, on the other hand, it is something that is going to take a long time in drafting, we might want to stand it off for a while. Again there is the question of the urgency of this bill. Could we wait a while if the drafting is likely to take a few days? Senator Atkins can explore that.

Senator Atkins: Honourable senators, I get the feeling that there is some urgency to the bill, but I am quite happy to raise this in committee and bring it to its attention.

Senator Stewart: Thank you.

Senator Corbin: Honourable senators, I appreciate Senator Atkins' comments, but the last time we attempted to make corrections to the bill we were told that time was of the essence, we had to deal with this proposed legislation fast, the census was coming along and it had to come into force on a certain date. Are you telling us the same thing now: that time is of the essence? Because, if that is the case, I do not think there is much point in going through the exercise. We should approve the bill as presently drafted and not even think of making amendments along the lines that Senator Roblin was suggesting. Surely we should get some commitment from the government that it will deal with the other problems by some means soon. If I could be given that assurance, I would be half satisfied, I suppose.

Senator Atkins: Honourable senators, I am not aware of what went on in the debate in 1985, but I am certainly prepared to take it to the committee and to discuss it there in an attempt to resolve this problem.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the third time?

On motion of Senator Atkins, bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 915*)

TRANSPORT AND COMMUNICATIONS

FIFTH REPORT OF STANDING SENATE COMMITTEE

TUESDAY, December 19, 1989

The Standing Senate Committee on Transport and Communications has the honour to present its

FIFTH REPORT

Your Committee, which was authorized to study the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989, has, in obedience to its Order of Reference of Wednesday, June 28, 1989, proceeded to that inquiry and now presents its final report.

REPORT ON THE STEPHENVILLE INQUIRY

On 28 June 1989, the Standing Senate Committee on Transport and Communications received a reference from the Senate of Canada to study the effects of Air Canada's withdrawal of services from Stephenville, Newfoundland. In carrying out this mandate, the Committee held hearings in Ottawa and Stephenville. Throughout the hearings, a number of concerns were raised as to the impact of Air Canada's service withdrawal on Stephenville in particular, and Newfoundland in general. These concerns ranged from the effects of economic regulatory reform on regional communities to the potential loss of the Trans Oceanic Plane Stop (TOPS) Program in Stephenville and Gander. In this report, we will outline the issues and concerns of Stephenville as they relate to Air Canada's withdrawal of service.

HISTORICAL PROFILE OF STEPHENVILLE

In 1941, the Town of Stephenville was chosen as the site for an American Air Force Base due to its favourable weather conditions which permitted access by air 90% of the year. This burst of activity resulted in great economic and social change: the agriculture and fishing industry declined, and Newfoundlanders from all parts of the province relocated to Stephenville to find stable employment with the American base, which eventually employed 3,400 military and 1,500 civilian employees. The eventual closure of the base in 1966 was devastating to the local economy, and many people from Stephenville relocated to Goose Bay.

The community has made a conscious effort over the past 20 years to promote the excellent facilities their airport offers and took an active role in attempting to find an alternate air carrier to commence jet service when Air Canada announced its pullout on 1 February 1989. Under the terms and conditions set out in the *National Transportation Act, 1987*, Air Canada fulfilled its obligations, i.e., it gave the required 120 days notice and filed the proper

documents with the National Transportation Agency, thus enabling it to withdraw service on 17 June 1989. First Air acquired a licence to provide jet service between Goose Bay-Stephenville-Ottawa from the National Transportation Agency (this licence application was given approval in an expeditious manner), but the airline decided not to begin service after Air Canada announced it would not enter into a joint fare agreement with First Air for points beyond Ottawa. The community's passenger and air cargo demands are now served by Air Atlantic, which offers several direct and indirect flights per day to Halifax and St. John's.[1]

CONCERNS RAISED

A. The Effects of Economic Regulatory Reform

With the passage of the new *National Transportation Act in 1987 (NTA, 1987)*, a new era in Canadian transportation regulation began. No longer were air carriers bound by tight regulation by the government for entry and exit into the market. They would now be free to compete openly for routes - the only restrictions being ones of meeting safety regulations and Canadian ownership requirements. The exception to this is the "designated area," which basically covers northern Canada and some remote areas. The protected area is that part of Canada which lies north of a line commencing at the 50th parallel on the Atlantic coast and gradually reaching the 55th parallel in Alberta and British Columbia. The *NTA, 1987* maintains this area as a regulated environment to ensure essential services are not disrupted for these thin, widely-dispersed markets.

While many proponents of this new transportation policy have cited its many successes such as easier market entry and more frequent flights to smaller centres, others have said it has not been an unqualified success. This view was reiterated in our Stephenville hearings. Complaints against the policy focused on: the creation of a "hub and spoke" system whereby small (mainly non-jet) aircraft transport passengers from smaller centres to the larger "hub" cities to connect with larger (usually jets) aircraft for travel to a final destination resulting in longer flight times for those coming from small cities; the creation of a duopoly within the airline industry whereby the two major airlines, through their alliance partners, effectively control the industry (over 95% of the scheduled domestic traffic is controlled in this manner) and limit competition; and that the new policy does not take into account the special needs of the regions.

B. Joint Fares

One area of concern repeatedly raised by the community of Stephenville was that of joint fares. The widely-held belief in the community is that Air Canada acted anti-competitively when it refused to enter into a joint fare agreement with First Air, since it appears that Air Canada deals exclusively with Air Nova, its alliance carrier, in the Atlantic region. It should be recognized that there are a large number of joint fares in place at any given point in time - Air Canada stated before the Committee that it alone has approximately 35,000 domestic and international joint fares. In the case of Stephenville, the local Chamber of Commerce has asked the Director of Investigations and Research of the Competition Tribunal to consider whether or not the community may have a valid complaint against Air Canada under sections 45 and 79 of the *Competition Act*, which respectively deal with conspiracy and abuse of dominant position. The Director will subsequently advise the Chamber of Commerce which section applies should it be decided that enough evidence exists to warrant proceedings.

First Air's decision to reroute its Goose Bay-Ottawa service through Stephenville was dependent on a number of factors, some of which were: that there be no significant increase in competition by other airlines; that satisfactory traffic levels be achieved; that efficient and economic ground handling arrangements exist with third parties in Stephenville; and that Air Canada agree to joint fares for First Air's connecting traffic to points beyond Ottawa.

Air Canada, which had already been approached for joint fares by First Air when it commenced its service to Goose Bay, did not, according to correspondence from First Air, agree to joint fares on the Stephenville route because this would create competition for its connector, Air Nova, which serves both Goose Bay and Deer Lake, the

latter town being only 127 kilometres from Stephenville. Unlike the Stephenville and Area Chamber of Commerce, First Air has stated that it was not surprised by the decision, and would indeed be against the regulation of joint fares. The community of Stephenville believes that, had Air Canada agreed to joint fares with First Air, First Air would have commenced jet service to the community.

It bears noting that Canadian Airlines did agree to discuss joint fares with First Air in September 1989. First Air stated that, since Canadian Airlines does not offer as many routes beyond Ottawa with the same frequency as Air Canada, and that Canadian has traditionally been a competitor for First Air whereas it deals extensively with Air Canada, it was decided that a joint fare agreement with Canadian Airlines would not be favourable.

The question here is not one of whether or not joint fares are necessary - from the evidence provided, it appears that they are critical to First Air's viability on this route. The key issue is whether or not joint fares should be made available to any carrier applying to operate service on this, or any other route, no matter what their affiliation.

The *National Transportation Act, 1987* and its Air Transportation Regulations do not provide the Agency with the power to force carriers to establish joint fares. Moreover, the *National Transportation Act, 1967* and its Air Carrier Regulations, which imposed much greater economic regulation on air carriers than at present, did not enable the former regulatory body to direct the establishment of joint fares. The thrust of the *NTA, 1987* is to allow wide freedom to transportation companies so that they can respond to the demands of the marketplace in a manner consistent with sound business practices.

Correspondence from the National Transportation Agency on this matter indicates that if joint fares were to be regulated by that body, it would result in more than just the regulation of these fares. This measure would likely result in further regulation of the industry, such as deciding what type of air service each community should receive (e.g., jet versus non-jet), how frequently these services are to be provided, and the setting of service standards (e.g., free baggage allowance). Other aspects of commercial aviation heretofore not regulated in Canada could also be caught up in re-regulation. These aspects include, but are not limited to, joint ground handling arrangements, equipment interchange agreements and joint use of ticket counters. Due to the inherent difficulties in regulating joint fares, the Agency is of the opinion that any problems in this area can continue to be dealt with through remedial actions being taken pursuant to other federal laws (e.g., the *Competition Act*).

C. Freight Traffic

Prior to Air Canada's pullout on 17 June 1989, Stephenville was serviced by one non-stop DC-9 or B-727 flight daily to Montreal, in addition to three Air Atlantic Dash-8 flights daily. Since Air Canada's withdrawal of service, Air Atlantic has filled the void through the provision of four daily flights to Halifax and three to St. John's. In the testimony before the Committee, the carriers stated that they had excess freight capacity in and out of Stephenville and could adequately accommodate reasonable cargo needs of the local shippers.

In contrast, various witnesses appearing before the Committee in Stephenville disputed that their freight needs were being met with the capacity offered by Air Atlantic's Dash-8s. They stated that: freight capacity was limited because the small aircraft now being used on these runs were mainly designed for passengers; higher freight rates were now being charged for the carriage of cargo; because of a lack of direct service to Central Canada, shipments of perishable goods such as fish were hindered; with an additional stopover in Halifax, the chances of delays and product spoilage were greater than had previously been the case; and there was a lack of adequate ground handling equipment at the airport.

The airlines contend that they offer competitive freight rates for the shipment of cargo to and from Stephenville to other points in Canada. Their rates are based on distance and reflect similar rate scales from St. John's or Halifax to Central Canada. In addition, with regard to the matter of ground handling equipment, both the airlines and the government have stated that this is the responsibility of the airlines and not one for the government. The government does not provide ground handling

equipment for other airports and has no control over whether or not an air carrier leaves its equipment at an airport when it exits from the market.

D. Passenger Traffic

Testimony before the Committee regarding air passenger services focused on the effects of the hub and spoke system on flight routings to major centres. The problem here is that instead of being able to fly from Stephenville to major centres in Central Canada, passengers now have to connect through Halifax. Previously, with Air Canada, Stephenville passengers enjoyed non-stop service to Montreal. This now involves changes in planes and longer travel times to destinations in Central Canada and beyond. Balancing these concerns is the fact that the smaller non-jet aircraft operating mainly to the hub airport of Halifax provide Stephenville passengers with more flight frequencies and more convenient arrival and departure times than had been the case when Air Canada operated the service.

Concerns were also raised over the issue of handicapped passengers having to endure stopovers and longer flight times when travelling from southwest Newfoundland than was the case when Air Canada was providing service. These passengers also found that Dash-8 aircraft were less accommodating than the larger jets due to "inadequate space in their seating". It should be noted that under sections 35(5) and 35(6)[2] of the *NTA, 1987* the National Transportation Agency has the power to inquire into and provide remedies for undue obstacles to the mobility of disabled persons.

This hub and spoke situation is not unique to Stephenville. It has been occurring at other centres throughout Canada where the major airlines have withdrawn larger jet aircraft from the smaller markets. If this pattern of air route rationalization continues, this phenomenon will likely continue to occur.

E. Regional Economic Effects

Although the fishing industry is suffering due to dwindling stocks, it is still the biggest employer in the area. Since it is seasonal, however, an estimated 90% of the population find themselves unemployed during the winter months. The government has been trying to promote the mining industry and has recently experienced some renewed interest from developers at Lower Cove and Aguathuna on the Port au Port Peninsula. Abitibi-Price remains the principal employer in the Town of Stephenville with an annual payroll of over $15.5 million.

The peninsula now has a good fish processing facility and is developing a lucrative scallop fishery. As a fresh fish operation largely dependent on American markets, they are convinced that their ability to respond to requests from outside the province is dependent on the availability of a regular jet service to the mainland. Added stopovers and unpredictable cargo space increase the danger of spoilage of this sensitive product.

The area also hopes to attract some of Hong Kong's foreign investment in Newfoundland, which is estimated to bring from $2 billion to $3 billion into the province. The community argues that, as an island region already without rail services, they can ill afford to lose the jet service, and subsequently the freight capacity, which could encourage investment and development in the region.

F. Trans Oceanic Plane Stop (TOPS) Program

Witnesses before the Committee expressed concern that, with Air Canada's withdrawal from Stephenville, the airport would be downgraded to a lower category, thereby eliminating it as an alternate to Gander for TOPS flights. It was brought to the Committee's attention that, of the approximately 4,000 TOPS flights Gander receives each year, an average of 150 are diverted to Stephenville. In 1988, 88 of the flights received were large jet aircraft. This fear was centred on the fact that, with removal of the larger jet aircraft, ground handling facilities, crash, fire and rescue (CFR) units, navigation aids and maintenance of the runway would not be preserved at a high enough level to keep Stephenville as the TOPS alternate. In response to this, when Air Canada withdrew its ground handling facilities which were used in servicing TOPS flights, the Town of Stephenville purchased $250,000 in new equipment for this purpose.

Testimony in Stephenville by Transport Canada showed that the airport is undergoing improvements such as a new $3.6 million combined services building to consolidate all maintenance activities, garage, trade shops and material storage as well as the crash, fire and rescue services under one roof. Contracts have also been awarded to pave the airport's parking areas and access road. In addition, testimony before the Committee by the Minister of State for Transport indicated that in meetings with representatives from the Town of Stephenville, concerns had been expressed over the crash-fire-rescue category of the airport. The Minister told the Committee that she had "directed my officials to maintain the present category until at least 31 December 1990". The Minister further stated that the Department of Transport reviews the categories of airports every year and that she did "not foresee a downgrading at that time (i.e., the end of 1990) unless something drastic happens between now and then".

With regard to the TOPS program, the Minister also told the Committee that she had requested her officials to liaise with their colleagues in the International Civil Aviation Organization (ICAO) with a view to changing the designation of Stephenville Airport to that of alternate use, fuelling only - this process is currently underway. This would permit the site to continue to serve as an alternative for TOPS traffic and, in addition, to serve as an alternative for any international flight. It is believed that this, coupled with the improvements, should help to attract more TOPS traffic, thereby lessening the chances for the airport's category to be lowered.

In spite of this, the community still fears that the airport may be downgraded and that instead of it being the TOPS alternative, these flights would be either diverted to Bangor, Maine or Shannon, Ireland. The Town of Gander recognized Halifax as a possible alternate, but stated that it was preferable that its alternate remain in the same province.

G. National Transportation Agency/ *National Transportation Act, 1987*

Aside from the question of the joint fares issue, the testimony regarding the *NTA, 1987* was the most significant heard by the Committee. It focused on several issues that relate to the *NTA, 1987* and come under the jurisdiction of the National Transportation Agency. These include: the lack of guidelines under which the Agency may conduct an inquiry; the inability of certain sections of the *NTA, 1987* to allow for the proper implementation of transport policy as set out in section 3 of the Act[3] (e.g., regional economic development); the length of time whereby an air carrier can give notice to exit from a market; the lack of specific provisions under which subsidies may be provided for replacement air services to a community; the inadequacy of the present delineation of the designated area to encompass regions which may feel the adverse effects of economic regulatory reform; and that the review of the operation of the Act that is to begin in 1992 should be advanced in order to assess its effects on communities such as Stephenville.

With regard to the issue of subsidies, testimony before the Committee revealed that guidelines are now in the process of being developed for this program; however, it should be recognized that this program is designed to be used only in emergency situations (where no air services are being provided) and only for a short time period. It is not intended to be an ongoing program of subsidization for the airline industry. In this regard, it is of interest to note that, since the *NTA, 1987* came into effect, and major carriers have exited from the smaller markets, no subsidies have been applied for or issued, and replacement air services have filled each of these routes. Also, it should be noted that economic regulation does not guarantee that air services will be saved. In fact, Air Canada has been exiting markets since 1941, long before economic regulatory reform came into effect.

Concerning the problem of extending the designated area to include Stephenville, testimony by the Minister of State for Transport showed that this may not be the panacea it was first thought to be for the Stephenville situation. It was pointed out that inclusion in the designated area would only mean that entry into the market would be regulated, not exit. What this could mean for a town like Stephenville is that, rather than making it easier for a carrier to enter this market, it could be more difficult and time-consuming because they would have to go through a longer approval process than is now the case in the non-designated area. While concern has been expressed with regard to the presence of only one airline in the Stephenville market, the Minister of State for Transport testified to the dangers of fragmenting any limited market to such an extent

that no airline can sustain a viable presence in that market, with a resultant withdrawal of all services.

The question of whether or not being included in the designated area would result in making it easier to obtain an operating subsidy from the federal government was also addressed by the Minister of State for Transport. As the Minister pointed out, the provision of a subsidy does not depend on whether or not a carrier is operating within or outside the designated area. Rather, as stated previously, it depends on "emergency situations" and could be granted no matter where the airline operates. In fact, no carrier at the present time receives a "direct subsidy" from the Federal Government anywhere in Canada.

The overall concern with the *NTA, 1987* and its administration by the Agency was that, while the general philosophy of economic regulatory reform may work for the large centres in Canada, the regions and smaller communities do not benefit to the same extent. In fact, there may be some undue hardships placed on these areas because of the new philosophy. This was the major reason why witnesses called for an earlier review of the Act than is now set out in the legislation. They believe that the effects of economic regulatory reform are filtering through the system at a much faster pace than was originally envisaged by the authors of the legislation and that now is the time to assess these effects rather than waiting until irreparable harm has been done.

CONCLUSIONS AND RECOMMENDATIONS

As can be seen from the evidence, the Committee was confronted with a great deal of conflicting opinions on the situation in Stephenville, with the carriers saying the service is adequate, and the residents and users saying it does not meet their requirements. Coupled with this is the key issue of the lack of a joint fare agreement, which some witnesses say amounts to anti-competitive behaviour on the part of Air Canada and therefore should be regulated by the NTA, while First Air, the carrier who sought and was denied the agreement, stated that this should not occur. Finally, at the core of the issue is the philosophy of the *National Transportation Act*, 1987, which provides for economic regulatory reform. Here again, there is a divergence of opinion. Some witnesses felt that the Act, with its philosophy of relaxed regulation and emphasis on free market competition, does not work well in small, widely-dispersed areas such as Stephenville and that some form of protection should be afforded these markets. Others, such as the air carriers, believe that the new regulatory regime is operating efficiently and that there are enough "safety nets" in the Act (e.g., the annual reviews of the operation of the Act) to deal with any adverse effects that may arise from time to time.

Many of the issues are extremely complex (e.g., joint fares) and would require further study and analysis before a decision could be reached. However, having said this, the Committee shares in the concerns expressed and believes that, perhaps, economic regulatory reform does not treat all regions fairly. We would be remiss if we did not attempt to address those concerns raised in Stephenville and, in a wider context, those that may be faced by other communities in the future. For this reason, we believe that these issues should be examined now, rather than at a later date such as at the time of the 1992 review of the *NTA, 1987*. To this end, your Committee recommends:

(1) That the Minister of Transport instruct the National Transportation Agency, under section 267(2)(g), that while undertaking its annual review of the operation of the Act, the Agency examine and report upon those concerns raised with Air Canada's withdrawal of service from Stephenville, Newfoundland;

(2) That the Minister direct the Agency to give particular attention to the following issues:

(a) the reality and consequences of an airline duopoly in Canada;

(b) whether there is a need to establish a transportation subsidy program for remote regions;

(c) the suitability of air cargo services into and out of small centres;

(d) an evaluation of the TOPS Program to determine the airport's long-term future viability as an alternate to Gander;

(e) the adequacy of the National Transportation Agency's inquiry process in dealing with the impact of economic regulatory reform on small communities;

(f) the adequacy of the *NTA, 1987* in attaining the goals set out in the policy section of the Act, particularly as it relates to regional economic development;

(g) the adequacy of the provisions under the Act in dealing with carriers exiting smaller communities and markets (e.g., is the 120-day notice period sufficient?); and

(h) the advisability of advancing the date of the 1992 review of the operation of the Act; and

(3) That, upon the Agency's completion of its study, the Minister of Transport make, if necessary, the appropriate changes to the *National Transportation Act* and/or its regulations in order to reflect any recommendations flowing from its report.

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1. Joint fares are the result of a commercial agreement between two airlines which allow a passenger to fly from point X to point Y on one airline, and change to the other airline to go from point Y to point Z, while only paying as much as a third carrier charges to fly directly from point X to point Z. Both carriers reduce, in equal proportion and/or proportionally, the amount each would collect if they were to charge full sector fares in order to match the fares provided by the third carrier directly serving both markets.

2. *NTA, 1987*, Section 35

(5) Where under any Act of Parliament the Agency has the power to approve, disallow or regulate terms and conditions of carriage, the Agency may, on complaint or of its own motion, inquire into, hear and determine whether the manner in which a service is being provided by a carrier constitutes an undue obstacle to the mobility of disabled persons.

(6) Where the Agency determines that the manner in which a service is being provided constitutes an undue obstacle to the mobility of disabled persons, it may order the carrier to remove the obstacle and may order the carrier to pay compensation for any extra expense incurred by the disabled person arising out of the undue obstacle.

3. Section 3(1)(d) of the *NTA, 1987* states: "...transportation is recognized as a key to regional economic development and commercial viability of transportation links is balanced with regional economic development objectives in order that the potential economic strengths of each region may be realized..."

Respectfully submitted,

FINLAY MACDONALD
Chairman

THE SENATE

Wednesday, December 20, 1989

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

Prayers.

GOVERNOR GENERAL'S ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-31, to amend the Governor General's Act.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(*f*), bill placed on the Orders of the Day for second reading later this day.

[*Translation*]

UNEMPLOYMENT INSURANCE ACT

EMPLOYMENT AND IMMIGRATION DEPARTMENT AND COMMISSION ACT

BILL TO AMEND—FIRST REPORT OF SPECIAL COMMITTEE PRESENTED AND ADOPTED

Hon. Jacques Hébert, Chairman of the Special Senate Committee on Bill C-21, presented the following report:

Wednesday, December 20, 1989

The Special Committee of the Senate on Bill C-21, an Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, has the honour to present its

FIRST REPORT

Your Committee, which was authorized to consider Bill C-21, an Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, has, in obedience to the Order of Reference of Thursday, November 9, 1989, examined the said Bill and now presents its interim report as follows:

The Committee held its organization meeting on November 28, 1989. Since then, the Committee has received extensive technical briefings by officials from Employment and Immigration Canada and has commenced its public hearings on the bill. To date, the Committee has received testimony from 15 witnesses representing labour, business and other interests. In addition, the Committee has received many requests from groups and individuals who want an opportunity to present their views on the bill.

On December 19, 1989, the Committee approved a tentative list of witnesses to be scheduled in January 1990. It is the Committee's intention to resume its public hearings on January 3, 1990.

Respectfully submitted,

JACQUES HÉBERT
Chairman

The Hon. the Speaker: When shall this report be considered, honourable senators?

Senator Hébert: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*f*), I move that the report be adopted now.

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

Hon. Senators: Agreed.

Hon. Jacques Flynn: Honourable senators, I wish to raise a point of order. I have just read the report. I do not see what the Senate can approve in this report. Senator Hébert can very well report to us but this report contains no conclusion. I do not see how the Senate can be asked to approve a report that contains no conclusion. I have no objection if he explains to us what the committee did, but asking the Senate to adopt something which asks nothing—

Hon. Royce Frith (Deputy Leader of the Opposition): — except an indication of the Committee's plans, for which it does not require the Senate's approval. But there is no reason not to grant approval for what has been adopted, namely the list of witnesses.

Senator Flynn: Honorable senators—

[*English*]

Senator Frith: May I finish?

Senator MacEachen: Perhaps we should adjourn the Senate and let Senator Flynn have his own private session!

[*Translation*]

Senator Frith: Honourable senators, the committee's intention to continue its hearings on January 3 does not require the Senate's approval. I see no reason to refuse this approval if it is requested by the chairman of the committee.

Senator Flynn: Honourable senators, I emphasize that the report does not ask for approval. It says:

[*English*]

On December 19, 1989, the Committee approved a tentative list of witnesses to be scheduled in January

1990. It is the Committee's intention to resume its public hearings on January 3, 1990.

Well, if it wants to do that, it can. We do not have to say "yes" or "no". He can tell us about the committee if he has something to add, but to ask us to approve something that is already within the mandate of the committee, to me, is extremely superfluous. If you want to approve it, approve it.

Senator Guay: It's wonderful that you agree.

Senator Frith: Question!

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I would like to ask Senator Hébert for an explanation. I am a member of this committee. If I remember correctly, the motion as approved by the committee was to indicate that the committee would terminate its proceedings by the end of January. It seems this indication has been removed. Is there an explanation? You say we will hear witnesses in January 1990. This does not preclude the committee's sitting in February. I remember clearly that January 29 had been mentioned, and certainly the end of January 1990.

Hon. Joseph-Philippe Guay: Honourable senators, consider the number of witnesses you have on your list!

Senator Hébert: Honourable senators, I think it is quite clear, as I said before, that the committee does not intend to go beyond the end of January. I don't see why we should tie ourselves down in a report as straightforward as this one.

If we happened to have a very important witness we had to hear on February 1, I think it would be ridiculous to come back here.

Senator Simard: I understand the point raised by the chairman of the committee. However, when we report on a text approved in committee, the report should reflect what was approved, no more and no less.

Senator Hébert: I think the senator must have a draft of the report that was distributed.

In fact, what the senator claims is part of the present report does not appear in the draft he probably has.

Senator Simard: I am not talking about the draft, I am talking about the text, the terms and the essence of the motion that was approved yesterday. I am not referring to any drafts that might have been circulated at that time.

Senator Hébert: Honourable senators, this is an important point. When we discussed this brief report, I had the clerk distribute a copy or draft of the report to all committee members. This draft is practically identical and certainly reflects the intent that Senator Simard would like to see in the report. It is entirely identical to what we approved. It was before him and he agreed.

Senator Simard: I agreed to January 29.

[*English*]

Hon. Duff Roblin: Honourable senators, I find myself a trifle confused about the goings on in this committee, and I should like to ask the chairman whether this document we see before us is one that has received the approbation of the committee. I am not talking about some other document but this exact one. Did this document receive the approbation of the committee or does it find its origin in some other source?

Senator Hébert: It is exactly the report that was approved by the committee. I made sure that during that discussion of the committee the draft of this report was distributed to everybody around. That is why I was reminding my colleague, Senator Simard, that he must have the original in his documents. Then he will see that there was no change, or perhaps a minor mistake in English or something like that, but certainly not deleting a sentence of the importance of the one he mentioned.

Senator Frith: Was it approved unanimously?

Senator Hébert: Yes, it was approved unanimously.

Senator Simard: It was approved, but, regardless of what the draft said, my understanding of the decision was that we would hear witnesses until the end of January. There is no reference now. This motion leaves the door open for a further meeting in February.

Senator Guay: Was your understanding written?

Hon. Orville H. Phillips: Honourable senators, this document, which I agree is not a report, states:

> It is the Committee's intention to resume its public hearings on January 3, 1990.

Could the chairman tell us—

Senator Frith: Or any other member of the committee.

Senator Phillips: —if arrangements have been made for January 3 and if there are witnesses scheduled for that day?

Senator Hébert: This decision was taken by the committee yesterday, and I immediately asked the clerk, in front of my colleague, as a matter of fact, to start phoning witnesses—and we have a list of 38 possible witnesses—and to organize meetings as quickly as possible. He started this morning, I presume, for January 3, January 4 and the next week, et cetera. I have no idea of the result yet, but I can ask the clerk and inform the senator later on.

Senator Phillips: Thank you.

The Hon. the Speaker: Honourable senators, is it the wish of the Senate to proceed with the adoption of the report?

Hon. Senators: Agreed.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

PRIVATE BILL

GOVERNING COUNCIL OF THE SALVATION ARMY IN CANADA—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, December 20, 1989

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FOURTH REPORT

Your Committee, to which was referred the Bill S-9, An Act to amalgamate the two corporations known, respectively, as "The Governing Council of The Salvation Army, Canada East" and "The Governing Council of The Salvation Army, Canada West", and to make necessary provisions regarding the charter of the amalgamated corporations, has, in obedience to the Order of Reference of Tuesday, December 12, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. C. William Doody (Deputy Leader of the Government): With leave of the Senate, now.

The reason I am asking for leave now is that we would like to get this bill through here and passed in the other place before it rises for the Christmas recess. If it is possible for them to deal with it in the other place, then we could have Royal Assent before adjourning for the break, and I think members of the Salvation Army would be very pleased.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

CANADA ELECTIONS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, December 20, 1989

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FIFTH REPORT

Your Committee, to which was referred the Bill C-47, An Act to amend the Canada Elections Act, has, in obedience to the Order of Reference of Tuesday, December 19, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

• (1410)

Hon. Eymard G. Corbin: Honourable senators, I raised a point yesterday. I wonder if my intervention was taken into account in the committee's deliberations.

Senator Nurgitz: Honourable senators, the comments made by both Senator Corbin and Senator Stewart were taken into account and, while some of us did not have a recollection of the concerns that were expressed, certainly the officials of Elections Canada did and indicated that some five or six inconsistencies, especially in respect of translation, were part of the program of the Miscellaneous Statute Law Amendment Act, which will be coming along shortly. I understand that that is when the concerns raised by the honourable senators will be taken into account.

Senator Corbin: I thank the honourable senator for his reply and I am quite satisfied with the answer.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Norman K. Atkins: With leave, now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

MARKETING OF FISH IN CANADA

REPORT OF FISHERIES COMMITTEE ON EAST COAST FISHERIES TABLED

Hon. Jack Marshall: Honourable senators, I have the honour to table the fourth report of the Standing Senate Committee on Fisheries, concerning the marketing of fish in Canada, entitled "Report on the East Coast Fisheries".

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

Hon. Jack Marshall: With leave of the Senate, now.

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

Hon. Senators: Agreed.

Senator Marshall: Honourable senators, the tabling today of the east coast phase of the committee's report on the marketing of fish is perhaps a bit untimely as Canada faces the reality of diminishing resources and the consequent critical effects on the industry and, more important, the livelihood of thousands of fishermen, plant workers and their families. I say untimely, because, to use a well-worn cliché, if you don't have fish you can't sell it or market it.

The concept of marketing is defined as the total process of moving goods and services to the end user, and certainly the study dictated that we address the fishery as a whole, including resource management and harvesting, which is closely linked to economic performance, and, as well, measures to conserve the resource as an essential part of any marketing strategy.

So the committee dealt extensively with all aspects of the fishery and certainly examined the detrimental effects of overfishing—a topic which is so predominant at this very moment.

As a matter of fact, many groups and individuals, particularly the Fisheries Council of Canada, which represents 185 companies, repeatedly warned the committee, as far back as three years ago, that unless fisheries management issues were addressed more intensively the industry would be in serious trouble.

How prophetic those words were. As a contrast, honourable senators, there is a little bit of hope. I want to read just a few words from a Newfoundland commissioner of fisheries in dealing with problems in the fisheries at that time. He said this:

> The grave fact confronts us—that for years past our shore and cod fishery has been steadily declining, and of late, that decline appears to have accelerated. For such a decline there must be causes. It is our part to search out and remove these causes and use remedial measures.

Those words were said, honourable senators, by the commissioner of the Newfoundland Fisheries Commission 100 years ago, in 1889, and the same problems prove true today. So perhaps with wise management and political will we might be able to get over this latest crisis which is so serious.

Honourable senators, while I and other members of the committee will deal more specifically with the many issues we examined, I should like to explain that this phase of our report would have been tabled much earlier but for the dissolution of Parliament and the calling of an election. The lapse of time—some three or four months because of the election and then three months before we were able to reorganize the committee—necessitated the updating of many statistics and tables and the recalling of witnesses because of the various changes that occurred in the industry.

In other words, some of the evidence we heard was overtaken by changes in the fast-moving fishery and demanded that adjustments be made on the structure of the report.

These factors prompt me to suggest that the Senate should consider a review of the rules, which presently demand that Senate committees, some of which may be close to finalizing their work when Parliament adjourns, must face unnecessary delays in completion of their work because of rules which do nothing but add expense and delay for no justifiable reason.

Finally, honourable senators, I should like to thank all members of the committee for their patience and faithful attention over the many months of our study, and I would also thank the research and administrative staff for their contributions to the work of the committee.

On motion of Senator Marshall, debate adjourned.

AGRICULTURE AND FORESTRY

FIFTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Efstathios William Barootes: Honourable senators, I have the honour to present the fifth report of the Standing Senate Committee on Agriculture and Forestry, updating its special study on farm finance of 1987-88.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 986.*)

Senator Barootes: Honourable senators, in this festive season may I ask for senators' indulgence for one moment while I take this opportunity to thank the committee, which has worked so diligently over the last two or three weeks in order to present this report on time? In fact, it worked so hard that yesterday the deputy chairman, Senator Fairbairn, came to me almost in tears saying, "What's happened? This is the fist day in two weeks that our committee has not held a meeting."

At the same time I should like to thank the two researchers and our clerk, who have worked weekends, day in and day out, to get these reports prepared. On behalf of the committee, I especially thank those agricultural organizations that, on short notice, provided us with the information that helped form the body of this report. Those organizations include: Agriculture Canada, the Canadian Bankers' Association, the Canadian Federation of Agriculture, the Farm Credit Corporation, the National Farmers Union—a favourite of the deputy chairman—the Prairie Pools and the Western Canadian Wheat Growers Association. I thank them.

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

On motion of Senator Barootes, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

SPECIAL COMMITTEE ON BILL C-21

DEADLINE FOR PRESENTATION OF REPORT WITHOUT AMENDMENT—NOTICE OF MOTION

Hon. Jacques Flynn: Honourable senators, I give notice that tomorrow, December 21, 1989, I will move the following motion:

That the Senate convey to the Special Committee to which Bill C-21 has been referred the following message: (a) to report Bill C-21 without amendment no later than January 4, 1990; (b) to pursue, if it so desires, its study of the subject-matter of the said Bill and to report its observations and recommendations to the Senate in due course.

• (1420)

[*English*]

POINT OF ORDER—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I listened to the notice of motion. If there is a question of order relating to that motion, it should be raised at the first opportunity, which might be considered to be tomorrow rather than now when the notice is given.

However, if I heard the motion correctly, and I did not have a copy of it, it proposes a schédule of action for the committee that would be contrary to the motion that had already been adopted for the proposal put forward by the committee itself. In order not to be held out of time on the point of order, I raise that now.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I do not know whether Senator Frith is right about the time, but this is exactly as provided under rule 45: one day's notice must first be given for instructions to a committee. If circumstances so suggested later today I would seek leave to proceed today. With respect to the substance I fail to see how this motion contradicts the committee's instructions in any way.

The committee said they would resume their sittings on January 3, 1990. I am telling them that the Senate is asking that they report the bill without amendment on January 4 and continue to hear evidence later on if they wish. There is no contradiction with the report. That is precisely the point. Once again Senator Frith has interpreted my earlier remarks as a serious objection. What I want to emphasize is that a report tabled in the Senate simply for the guidance of honourable senators need not be formally adopted. It may be debated if necessary but it does not have to be adopted. What Senator Hébert suggested in his report was that committee members intended to continue hearing witnesses on January 3. Nobody prevented him from doing that. There is absolutely no need to adopt the report. It does not make any difference whether the report is adopted or not. That is quite simple. Look at the rules; they refer to reports tabled only for the information of the Senate. There is nothing there. If you want to make a federal case out of this, it is your privilege.

[*English*]

Senator Frith: Honourable senators, Senator Flynn has me at a bit of disadvantage because he knows what his motion says, whereas I had to pick it up as best I could.

Senator Flynn: Sorry.

Senator Frith: In listening to it, I am quite prepared to adjourn the point of order that I raised and the debate on the point of order until we actually deal with the motion, whenever that may be. I simply did not want it to be held that I had not raised the matter at the earliest possible moment.

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

[*Translation*]

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Jacques Hébert: Honourable senators, with leave of the Senate and notwithstanding rule 49(1)(*a*), I move:

> **That the Special Committee of the Senate on Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, have power to sit at three thirty o'clock today, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.**

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[*English*]

PANAMA

UNITED STATES MILITARY ACTION—LEGALITY UNDER INTERNATIONAL LAW AND CONFORMITY WITH UNITED NATIONS CHARTER

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask a question of the Leader of the Government. In view of the statement issued by the Government of Canada expressing understanding and sympathy for the military action of the Government of the United States in Panama, is it the view of the Government of Canada that the action taken in Panama by the United States government is in accordance with international law?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have not had an opportunity to consult with the Secretary of State for External Affairs on this matter. I can only rely on the statements that have been made by him and by the Prime Minister. I shall have to take the honourable senator's question as notice, although I do believe that either

the Prime Minister or the Secretary of State for External Affairs referred to the invocation by the United States of a provision of international law to justify and explain the action they have taken.

Senator MacEachen: I appreciate that the Leader of the Government may wish to get further information. I should like to know whether the Government of Canada sought advice from the legal officers of the government as to the legality of this action under international law. In addition to the question of international law, is it the view of the Government of Canada that the action is in conformity with the Charter of the United Nations? Personally, I am deeply disappointed that the Government of Canada has expressed sympathy and understanding for this very direct military action on the part of the United States. However, that is my opinion. I want to know about the legalities and why it is that Canada regarded the military action on Grenada as contrary to international law but, in this case, finds the action compatible with international law. Have the legal advisers found a different formula to deal with this case? I would like some comment on these matters.

• (1430)

Senator Murray: Honourable senators, I shall attempt to obtain that comment from my colleague.

ATTEMPTS OF UNITED STATES TO RESOLVE SITUATION PEACEFULLY

Hon. Allan J. MacEachen (Leader of the Opposition): There is one other expression in the communiqué or statement issued by the Secretary of State for External Affairs which reads as follows:

> . . . intervention by force is a dangerous precedent, but that Canada notes that the U.S. relied on force in the last resort, only after the failure of earlier attempts to resolve the situation in Panama peacefully.

I wonder whether we could have an explanation of what these other attempts were by the United States government to resolve the matter peacefully. I do not know what they were, but today I heard the President of the United States say that one of the reasons he took action was that General Noriega was a drug trafficker. There are a lot of drug traffickers in the world; would that justify the action, say, in Colombia if the President, at one point, had said, "We will go after these drug traffickers and blast their headquarters"? Would that be in accordance with international law?

I find it very confusing, I must say, that Canada, in its position in the world, would endorse this action by the United States, when it is obviously a most unwelcome intrusion.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, in view of the comments the Leader of the Opposition has made, I think I should place on the record the relevant statements by the Secretary of State for External Affairs. I will cite one paragraph from the transcript of an interview which he held with a group of journalists this morning. I would quote Mr. Clark as follows:

[Senator Murray.]

> Three or four things have to be borne in mind here. One is there was a deliberate attempt by everybody, including principally the United States, to resolve this question by negotiation. There was an election in May. The elected government of Panama was not allowed to take office. There have been long negotiations through the OAS and through other means to try to ensure that democracy was respected there. That didn't happen. Recently there has been a renewed assertion of General Noriega's power and dominance in Panama. That has been matched by a declaration of war, a declaration that Panama considered itself at war with the United States. The United States has a substantial American presence there, by treaty. The President of the United States came to the conclusion that those American citizens were under threat. We don't like the idea of intervention by force. We consider it to be a bad precedent, but we think that these circumstances warrant that action by the United States. And in these circumstances we support the action that the Americans have taken.

Then there was a question from a journalist which is not recorded here. It was inaudible to those recording the event. There is a further statement by Mr. Clark, as follows:

> I've seen the statements by Soviet leaders and by others.

What follows would deal with one of the questions asked earlier by the Leader of the Opposition.

Mr. Clark went on to say:

> The Americans have invoked the provision of the UN Charter that entitles them to act in self-defence, and I would imagine that their argument there is that there were Americans present in Panama, by treaty right, in large numbers, who had been explicitly threatened.

Senator MacEachen: Honourable senators, I believe the quotations by the Leader of the Government have increased my distress, because the words attributed to the Secretary of State for External Affairs, Mr. Clark, are precisely the thoughts which the President of the United States expressed during his television address this morning. In other words, Canada accepted, almost without any editing, the explanation of the President of the United States and accepted it as its own. It makes us very disappointed that Canada seems now not to have any ability to think or to act on its own but conforms precisely to the views of our American neighbour. That is really a new development in Canadian foreign policy.

EFFECTS OF INVASION ON PANAMA CANAL TREATY

Hon. Peter A. Stollery: Honourable senators, following on that same subject, I should like to inquire of the Leader of the Government what the effects of this invasion will be on the very important Panama Canal Treaty. Has it been terminated?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask my colleague for a reply to that question.

PAY EQUITY

INCOME TAX IMPLICATIONS FOR HOSPITAL WORKERS—STRENGTHENING OF FEDERAL PAY EQUITY PROVISIONS—STRENGTHENING OF HUMAN RIGHTS COMMISSION LEGISLATION

Hon. Lorna Marsden: Honourable senators, yesterday the Standing Senate Committee on Social Affairs, Science and Technology tabled its interim report on child poverty in which it documented the impact on adult life of those children who live in poverty. Today Statistics Canada has tabled its report showing that women's wages relative to those of men have not improved, or have improved only to a trivial extent, over the past year.

Of course, the reason that a million children live in poverty in Canada is that their parents are poor. The Statistics Canada report today documents the situation of the majority of parents of those poor children. The majority of children who live in poverty live with a single parent; that parent is usually a woman; and that woman is being paid very little.

Last Friday this house legislated back to work some of the lowest paid workers in this country, the majority of whom are women workers—the hospital workers.

I have three related questions, therefore, for the Leader of the Government in the Senate.

My first question is: Before this chamber last week the responsible minister said that he would look into the question of income tax implications for those hospital workers who are to receive—at last and after a most tortuous process in front of the Canadian Human Rights Commission and their employer, Treasury Board—equal pay for work of equal value. Has the minister received an answer from Treasury Board as to the income tax situation of those workers?

My second question is: When does the government plan to strengthen its equal-pay-for-work-of-equal-value provisions? For example, when will it bring in legislation that requires all federally regulated employers with ten or more workers to bring in equal pay for work of equal value in an enforceable fashion?

My third and final question is: When is the government going to strengthen the legislation governing the Canadian Human Rights Commission so that the kind of situation the hospital workers faced will be a situation of the past?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the second and third questions are policy matters. I will endeavour to obtain a reply as soon as possible from my colleague on those matters.

On the first question, I do not have the information the honourable senator has sought, but, there again, I shall endeavour to obtain it as soon as possible from Mr. de Cotret.

AGRICULTURE

GRAINS—FINAL PAYMENT FOR 1988-1989 CROP YEAR

Hon. H.A. Olson: Honourable senators, usually at this time of year the Minister of Grains and Oilseeds gives an indication of what the final payment will be for the 1988-89 crop year. So far as I am aware, he has not made any announcement in this regard.

Would the Leader of the Government in the Senate take this question as notice, on a fairly urgent basis, and bring us an answer tomorrow as to whether or not the minister and the Canadian Wheat Board have been able to complete their calculations so that we can know approximately what the final payment may be?

I ask him now, because I think the actual cheques are mailed on or about January 10 or 15.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will see what information can be brought to the Senate tomorrow on that matter.

• (1440)

PANAMA

UNITED STATES INVASION OF PANAMA—TIMING OF UNITED STATES CONSULTATION WITH PRIME MINISTER

Hon. M. Lorne Bonnell: Honourable senators, I have a supplementary to the question on the invasion of Panama. Can the Leader of the Government tell us, since Canada and the United States are both members of the Organization of American States, if the Prime Minister of Canada was consulted before the President of the United States ordered the invasion of Panama?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I believe that Canada still has observer status at the OAS and that that status will only change some weeks from now. My only information on contact between the President of the United States and the Prime Minister is that the President called during the night to explain the action that the United States had taken in Panama, and that that call was made, I believe, around 2.30 this morning by President Bush.

Senator Bonnell: I wonder if the Leader of the Government can tell us if the call was made before the invasion or after the fact, when American troops were already there.

Senator Murray: Honourable senators, I can only say with certainty that the call was made after the decision was taken. Whether or not the troops were actually present in Panama at that moment, I just do not know. I would have to check.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—NEW DEVELOPMENTS

Hon. M. Lorne Bonnell: Honourable senators, I have a further question on a completely different matter. Can the

Leader of the Government in the Senate advise us today if the Prime Minister advised him yesterday, last night or this morning about any new developments that would be taking place in Summerside, when the air base closes there next year?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): There again, honourable senators, I have not had an opportunity to obtain a response to the question that was put yesterday by Senator Bonnell.

FISHERIES

PRESERVATION OF CANADIAN FISHERY FOR CANADIAN INTERESTS—GOVERNMENT ACTION—PROSECUTION OF U.S. FISHING VESSEL CAPTAIN AND OWNERS—STATUS OF PROSECUTION

Hon. John B. Stewart: Honourable senators, on December 12 I asked the Leader of the Government in the Senate a question concerning the collision or collisions between the Canadian destroyer, *Saguenay*, and an American fishing vessel, *Concordia*. At that time the Leader of the Government in the Senate was gracious enough to say that the Canadian destroyer took pretty effective action. He went on to say that he had no doubt that charges under the Coastal Fisheries Protection Act would be laid upon the return of the fisheries officers to Halifax at the conclusion of *Saguenay's* patrol. I ask him now if those charges, under the Canadian statute, have been laid in Canada?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not know the answer to that question. Consultations would have to be held between the officer on board *Saguenay* and crown counsel in Halifax. I shall inquire to see whether *Saguenay* has completed its tour of duty and whether those consultations have been held and charges have been laid.

DISPARITY BETWEEN U.S. AND CANADIAN PENALTIES FOR ILLEGAL FISHING—GOVERNMENT ACTION

Hon. John B. Stewart: Yesterday the Deputy Leader of the Government in the Senate replied to a question I had asked earlier concerning penalties for illegal fishing. That answer states that the maximum penalty for illegal fishing under U.S. law is $25,000 U.S. per incident, whereas the maximum penalty under the Coastal Fisheries Protection Act, the Canadian statute, is $750,000 Canadian. In view of the contrast between the penalties, if charges against the skipper of *Concordia* or any other person related with this incident are laid in Canada, does the Government of Canada propose any action to ensure that the skipper or those other persons will be brought into a Canadian court or will the charge rest unprosecuted on the docket because the accused persons cannot be presented in the Canadian court?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I shall make inquiries, honourable senators.

[Senator Bonnell.]

CANADA-UNITED STATES DISCUSSIONS OR NEGOTIATIONS ON FISH STOCKS

Hon. John B. Stewart: May I ask another question? Have there been discussions or negotiations recently by the Government of Canada with the U.S. government to ensure that fish stocks within Canadian territorial waters on Georges Bank will not be depleted by illegal fishing by boats based in U.S. ports? If there have been discussions or negotiations, what proposals to ensure the achievement of the end to which I just now referred have been put forward by the Government of Canada?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): There again, honourable senators, I shall obtain a report from my colleagues and bring it in as soon as possible.

THE SENATE

CONSTITUTIONALITY OF ELECTION IN ALBERTA TO FILL VACANCY—LEGAL OPINION

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate following some questions that were raised yesterday about the Alberta process to fill the Senate vacancy in that province. A number of times yesterday the government leader suggested that that process could be considered unconstitutional because:

> ... not even the Parliament of Canada can purport to elect a senator, because electing a senator would take a constitutional amendment and there has been no constitutional amendment to that effect.

He then went on to say:

> Therefore ... in that sense it could be considered unconstitutional.

I wonder if the Leader of the Government could tell me whether he and the government have sought a legal opinion on the constitutionality of the Alberta process; if so, could he indicate that opinion to us? If he is not in a position to table something, he could perhaps summarize it for us.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, with regard to the precise question, the legal advice that the government has is that the act passed by Alberta is ultra vires that legislature.

Hon. H.A. Olson: I have a supplementary question. Does the government, and particularly the Minister of Justice, then propose to take public action to deal with what the law officers have said is an ultra vires act?

Senator Murray: Honourable senators, I do not know what action the honourable senator is referring to, but the action that comes to mind is whether the government would refer the matter to the courts; as I indicated yesterday in an answer to Senator Asselin, no decision of that kind has been taken by the government.

DECLARATION BY MINISTER OF JUSTICE ON PROVINCIAL STATUTES BEING INTRA VIRES

Hon. H.A. Olson: I have a further supplementary question. Unless the practice has been changed, the Minister of Justice, either every month or every quarter, but certainly several times a year, signs a document attesting that he has examined the statutes passed by the various provinces and that they are intra vires or that they are not ultra vires. Has that practice been abandoned? If not, is the Minister of Justice going to sign a document attesting that all of the acts passed by the Alberta Legislature are not ultra vires?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my friend, Senator Olson, made a similar statement some weeks ago.

Senator Olson: That is right, I did.

Senator Murray: I looked into the matter and I am advised that there is no such procedure in the Department of Justice, or incumbent upon the Minister of Justice. What is incumbent upon him, as I understand it, is to certify that government legislation being presented to Parliament does not contravene the Canadian Charter of Rights and Freedoms or, in fact, the Canadian Bill of Rights. My information is that the statement made by the honourable senator is incorrect. It was, for some years, a practice to examine provincial legislation in view of the disallowance power or reservation power.

Senator Olson: That is right, exactly.

Senator Murray: That practice, I am informed, has long since been discontinued.

Senator Olson: I wonder if the minister would tell us when that practice under the disallowance provision was discontinued? I know that not very many years ago it was a requirement of the Minister of Justice. The former Minister of Justice knows very well what I am talking about. If they have abandoned the practice, perhaps the Leader of the Government could advise me under what authority they have abandoned that practice and removed that responsibility from the Minister of Justice.

• (1450)

Senator Murray: Honourable senators, the honourable senator knows that the power of disallowance has not been invoked for more than 40 years.

Senator Hastings: Has been?

Senator Murray: The power of disallowance has not been invoked for more than 40 years.

Senator Olson: That does not relieve you of the responsibility.

Senator Murray: But I will inquire into the question raised by the honourable senator as to when the Department of Justice ceased the practice to which he has referred. Again, I am informed that it is not and has not been the practice or the duty of the Minister of Justice to attest that every law passed by every provincial legislature is intra vires that legislature.

NOTIFICATION OF ULTRA VIRES NATURE OF ALBERTA SENATE SELECTION ACT

Hon. Joyce Fairbairn: Honourable senators, I should like to ask another question of the Leader of the Government. Has he informed or advised the Province of Alberta, either the premier or Mr. Horsman, that this is the legal opinion that the government has, that their Senate Selection Act is ultra vires?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes, honourable senators, I have done so.

Senator Fairbairn: Could he indicate to the Senate when that information was conveyed to the Province of Alberta?

Senator Murray: Honourable senators, I do not have the exact dates in front of me. I can obtain them, but I can say with certainty that it was done prior to passage of that act by the Alberta Legislature.

Senator Olson: So the whole process has been a farce ever since he did that.

Senator Fairbairn: Would it be possible to get that date tomorrow?

Senator Murray: Certainly.

Hon. Earl A. Hastings: I have a supplementary, honourable senators. Then the quotation in The *Edmonton Sun* that the process was unconstitutional was quite correct, if I am to understand the expressions the government leader has made today.

Senator Nurgitz: On the basis of his opinion!

Senator Hastings: My question is a supplementary. If my memory is correct, I have heard the government leader in this house say two or three times that the Government of Canada had no advice to give the provinces with respect to the list naming the five proposed senators. If that is the case, you have now advised the Government of Alberta that it was ultra vires, if I understand your answers today; yet, if I am correct—and I invite you to correct me—you have said two or three times that you had given no advice to the provincial government.

Senator Murray: Honourable senators, I would have to examine the context in which that phrase was employed, but I said, and repeat, that the Meech Lake Accord requires that provincial premiers submit a list of names, plural, to the Prime Minister with a view to filling vacancies, from a province, in the Senate. And it is true that I had no advice to give to the provinces or to the provincial premiers on how they went about compiling their lists, but, of course, I think it could be assumed that whatever process was adopted by a province would have to be legal and constitutional. The advice we received on the matter of that bill is that it is ultra vires the Alberta Legislature.

Senator Hastings: Then, on the basis of the advice you have received, the Government of Canada, in collaboration with the Government of Alberta, perpetrated that hoax of an election on the people of Alberta.

Senator Murray: Not at all, honourable senators.

Senator Olson: It was, if it was ultra vires.

Senator Murray: The honourable senator must assume, as I must, that the legal advisers to the Government of Alberta have advised the Government of Alberta that the bill is intra vires.

Senator Olson: I do not assume that. We have seen him do some strange things.

Senator Murray: Well, under Social Credit, it is true the province did get into a lot of trouble with respect to that. The honourable senator will remember that.

Senator Olson: I was referring to a period since then.

Senator Muir: Interest-free money.

Senator Murray: It is our legal advice that the bill is ultra vires. Clearly, the Government of Alberta feels that it is intra vires. We suggested to them that they might avoid the cost of an election and so forth—

Senator Olson: Four million dollars.

Senator Murray: —perhaps by agreeing to a reference or something of the kind. They went ahead notwithstanding the legal advice that the federal government had received, but they are not obliged to accept the legal advice that we received from the Department of Justice. They have their own legal advisers.

Senator Fairbairn: Honourable senators, I have another question for the government leader. If the federal government regards this process in Alberta as ultra vires—the fact that a candidate was chosen under that provincial law and his name was submitted, along with others, to the Prime Minister by the Premier of Alberta, who endorsed the election of this individual, Mr. Stan Waters—can we assume then that the process by which this name was brought forward is of no significance whatsoever in the choice of a candidate to fill that vacancy?

Senator Murray: The honourable senator is asking me to go considerably beyond the information I have just given to the Senate about the legal advice we have received.

Senator Olson: You would not want to do something illegal, would you? That makes you an accessory.

Senator Murray: If she is asking a legal question, I will seek further legal advice on the matter. With respect to the policy matter, I can simply say that the government has never considered itself bound by that process. The Prime Minister is free to appoint anyone whose name is on the list that he receives from a provincial premier and who is acceptable to the Government of Canada.

REQUEST FOR SUMMARY OF REASONING BEHIND LEGAL OPINION—TIMING OF NOTIFICATION OF PROVINCE OF ALBERTA

Hon. Joyce Fairbairn: Honourable senators, returning to my original question, I wonder if it would be possible today or perhaps tomorrow for the government leader to paraphrase or summarize the reasoning behind the legal opinion that this process is ultra vires.

[Senator Murray.]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): To employ an accounting term in a legal matter, the bottom line is that the act is ultra vires the legislature. I will see whether I can paraphrase the reasoning that has gone into that advice and I will report back to the Senate tomorrow.

Senator Fairbairn: Just for final clarification, this legal opinion held by the federal government was conveyed to the province before its bill was passed by the legislature, which subsequently led to this election of Mr. Waters.

Senator Murray: Yes, honourable senators.

OPINION OF LAW OFFICERS OF CROWN ON ALBERTA ELECTION PROCESS

Hon. John B. Stewart: Honourable senators, is the Leader of the Government in the Senate telling the Senate that it is the view of the law officers of the Crown that it was ultra vires the Legislature of Alberta to authorize an election, the purpose of which was to select a person whose name would be included on a list to be sent by the Premier of Alberta for consideration by the Prime Minister of Canada for an appointment to the Senate of Canada? Is that what he is saying?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes, honourable senators.

RESPONSIBILITY OF FEDERAL GOVERNMENT RE ULTRA VIRES PROVINCIAL STATUTES

Hon. H.A. Olson: I wonder if the minister would inquire as to whether or not the federal Department of Justice has any responsibility with respect to an act or a bill being passed by a province that is clearly ultra vires. That is their opinion. Does the federal government not have some responsibility to deal with that so that an ultra vires act does not remain on the provincial statutes?

● (1500)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, what frequently happens is that these matters end up in court, where they are adjudicated, although that is not always the course taken. On the face of it, I think there are conflicting legal opinions here. However, apart from that and apart from communicating with the government in question, I do not see any other course that is, in practical terms, open to the government.

Senator Olson: Does the Government of Canada not intend to clean up our constitutional mess? Knowing full well that we have an ultra vires act on the statutes of Alberta, does the federal govenment intend to take no action?

Senator Flynn: What sort of action?

Senator Olson: It could, for example, refer the matter to a court for a decision.

Senator Murray: I appreciate the advice of the honourable senator.

Senator Olson: I am asking the government's position, not tendering my advice.

CONVEYANCE OF COMMUNICATION TO ALBERTA—REQUEST FOR COPY OF CORRESPONDENCE

Hon. Joyce Fairbairn: Honourable senators, could the Leader of the Government indicate whether this communication with the Government of Alberta was Prime Minister to premier or did Senator Murray communicate with his counterpart in Alberta? How was this message conveyed?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I wrote to Premier Getty on the matter and I almost certainly wrote to Mr. Horsman as well.

Senator Fairbairn: Would it be possible to have a copy of that correspondence tabled in the Senate?

Senator Murray: Honourable senators, I am not sure about the precedent for that. I will have to consider it.

Senator Olson: I am sure you can, if you want to.

TIMING AND METHOD OF NOTIFICATION OF PROVINCE OF ALBERTA

Hon. Gildas L. Molgat: Honourable senators, in the same vein, I am surprised at the statements that have been made by the Leader of the Government. If I understand him correctly, the federal government had determined before the Alberta Legislature had passed its act that that act would be ultra vires.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The federal government had sought advice from its legal advisers as to the constitutionality of the bill that was then before the Alberta Legislature and, yes, our advisers are of the opinion that the bill is ultra vires the Alberta Legislature.

Senator Molgat: Did the government then make that information public or did it simply write to the Government of Alberta? Was a public statement made?

Senator Murray: No, honourable senators. We were in touch with the Government of Alberta and, as I indicated earlier, with Premier Getty.

[*Later*]

Hon. Earl A. Hastings: Honourable senators, before leaving the subject of Alberta, in view of the fact that I now find myself in complete agreement with the law officers of the Crown with respect to that election, I hope the government leader will not hesitate to place on the record again the views expressed by Senator Olson and myself in the *Edmonton Sun* when he has occasion to do so.

PANAMA

UNITED STATES ACTION—GOVERNMENT CONSULTATION WITH ORGANIZATION OF AMERICAN STATES

Hon. Gildas L. Molgat: Honourable senators, my question is on another subject altogether. With respect to the American action in Panama, I have not seen any of the statements made by the Canadian government nor have I heard any; so possibly the answer to my question has already been given. However, in view of the fact that we have now applied for membership in the OAS, did the Government of Canada—the Prime Minister, the Secretary of State or any officials—get in touch with members of the OAS to see what their action would be and to attempt to arrive at some understanding with them?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my understanding is that there was to have been a meeting today or shortly—and I am basing this statement on the interview given by the Prime Mnister and Mr. Clark to the media—and that our ambassador to the OAS was en route to that meeting, where he would consult with members of the OAS.

SOLICITOR GENERAL

WEIR INQUIRY—REQUEST FOR DETAILED LIST OF EXPENDITURES

Hon. Earl A. Hastings: Honourable senators, I have an itty-bitty question. Yesterday the Leader of the Government in the Senate agreed to seek information from his colleague, the Solicitor General, with respect to the Weir inquiry into the escape from custody of Daniel Gingras. I simply wanted to ask him if he might also ascertain from his colleague a detailed list of expenditures with respect to that inquiry.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall do so.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have some delayed answers to questions.

FISHERIES

GOVERNMENT POSITION ON INTERNATIONAL LEGAL DOCTRINE RESPECTING PURSUIT AND ARREST OF VESSELS FISHING ILLEGALLY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 13 last by the Honourable Senator Austin regarding Fisheries—Government Position on International Legal Doctrine Respecting Pursuit and Arrest of Vessels Fishing Illegally.

(*The answer follows:*)

Pursuant to article 111 of the 1982 Law of the Sea Convention, which represents the generally accepted rules of customary international law:

> Ships in the government service of a coastal state may engage in the hot pursuit of foreign vessels if there is good reason to believe that the foreign vessel violated the law or regulations of the coastal state while in waters where the coastal state had authority to enact such laws and regulations.

The "hot pursuit" must commence while the foreign vessel is within these areas, and it must be continuous.

The right of "hot pursuit" ceases as soon as the ship pursued enters the territorial sea of its own state, or that of a third state.

GUN CONTROL

PROHIBITION OF AUTOLOADING RIFLES AND DUMDUM BULLETS—REQUEST FOR REPRESENTATIONS TO ATTORNEY GENERAL

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 12 last by the Honourable Senator Lucier respecting Gun Control—Prohibition of Autoloading Rifles and Dumdum Bullets—Request for Representations to Attorney General.

(*The answer follows:*)

> Representations were made to Minister Lewis, regarding gun control, and as stated earlier, the Minister of Justice has already made public the fact that he intends to introduce legislation in the very near future to strengthen the gun control provisions of the *Criminal Code*.
>
> The main thrust of the legislation will be to prohibit entry into Canada of semi-automatic weapons originally designed, manufactured or assembled to fire in the fully automatic mode.

ETHIOPIA

STARVATION IN NORTHERN PROVINCES—GOVERNMENT AID

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 12 last by the Honourable Senator Marsden respecting Ethiopia—Starvation in Northern Provinces—Government Aid.

(*The answer follows:*)

> The following response is to further enunciate the position of the Government of Canada with regard to the welfare of the people in northern Ethiopia, stated in part by the Government Leader in the Senate on December 12, 1989.
>
> Canada and other donors are working with UN organizations and international relief agencies to persuade the Government of Ethiopia to allow access to those starving in northern Ethiopia.

[Senator Doody.]

> In contacts with Ethiopian Ministers in Addis Ababa and the Ethiopian Chargé d'Affaires, Canada has urged that relief corridors be established without delay.
>
> Canada and other donors are encouraging the UN organizations to ensure that a co-ordinator, either in New York or Addis Ababa, as in 1984-88, act as a focal point for the relief operations and strive to win co-operation from all parties in Ethiopia.

NATIONAL ENERGY BOARD ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Barootes, seconded by the Honourable Senator Asselin, P.C., for the second reading of the Bill C-23, An Act to amend the National Energy Board Act and to repeal certain enactments in consequence thereof.—(*Honourable Senator Hays*).

Hon. Dan Hays: Honourable senators, I listened to Senator Barootes present this bill yesterday and he did a commendable job in referring us to the salient features of the legislation. But he did so from the perspective of a government senator. I shall not take long in drawing attention to some other aspects of this legislation from the point of view of a member of Her Majesty's Loyal Opposition.

Essentially, to distill it out, the concern is that this legislation will, in effect, take away from the National Energy Board the power to review the issuance of certificates for public convenience and necessity to construct electric transmission lines. The idea behind it, as was mentioned yesterday, is to avoid regulatory duplication. The concern is that, in taking away the power to make a decision on whether or not there will be a National Energy Board review or a review at the federal level, the matter is referred to the Governor in Council or to cabinet. This politicizes, to an unacceptable degree, in some minds, the process of deciding whether electric transmission lines are going to be subject to certain kinds of review.

If you look at this bill carefully, technically it seems to make good sense. In other words, it works. However, as a matter of substance, I think there is cause for considerable concern. Perhaps the best way to summarize it would be to quote from evidence given before the committee of the other place by Nova Scotia Power and New Brunswick Power. In brief, the Nova Scotia Power's presentation was that: "These provisions interject too much uncertainty into the process and could serve to discourage exports." That is, exports of electricity. New Brunswick Power said that, through Bill C-23, the government is:

> . . . transferring a jurisdiction away from an independent, impartial National Energy Board, according to well-defined legal rules, and giving it to the cabinet to be exercised according to no rules whatsoever.

Now, these are points of view. As I said, one can look at the act technically and see that it will, in fact, work, but let us just dwell for a moment on what happens when you vest power in the Governor in Council, which is the cabinet and, in effect, a very few people in the cabinet. This means, then, that that very busy group of people involved in running the country are also regulators. They are regulators without staff, without the regulatory decision-making experience that professional regulators appointed to federal and provincial boards have.

• (1510)

Honourable senators, I must express a personal concern, and a concern that is shared by Her Majesty's Opposition in the other place and in this place, as to how well that is going to work. I believe that it will be of some considerable importance that the Standing Senate Committee on Energy and Natural Resources hear witnesses and spend a little bit of time looking at this issue; then the committee can report back to this place with its report setting out what its concerns are and what might be done to ameliorate them, if anything.

I could go on; however, as I said, Senator Barootes explained the legislation very well. The concerns I have touched on here were elaborated in more detail in the debate in the other place as well as in the committee of the other place. Accordingly, I will terminate my presentation on Bill C-23 with that observation.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Efstathios William Barootes: Honourable senators, I want to make one remark in respect to the cogent observations of Senator Hays, who has always given things very close attention. His concern about the Governor in Council having powers over the National Energy Board is not very well-founded, because in the 41 years of its existence there always has been this reference to the Governor in Council; but it has never been exercised. Not once has the Government of Canada, of any description, interfered with a decision.

Hon. Royce Frith: Honourable senators, may I ask a question of order? Where are we? I thought the bill had got second reading; what are we debating?

Senator Barootes: It was pushed along so quickly that I did not get a chance to rise.

Therefore, I would like this bill to be referred to the Standing Senate Committee on Energy and Natural Resources for further study.

On motion of Senator Barootes, bill referred to the Standing Senate Committee on Energy and Natural Resources.

PRIVATE BILL

EASTERN SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA—SECOND READING—DEBATE ADJOURNED

On the Order:

Second Reading of the Bill S-11, An Act to restructure the Eastern Canada Synod of the Lutheran Church in America under the name of the Eastern Synod of the Evangelical Lutheran Church in Canada.—(*Honourable Senator Macquarrie*).

Hon. Heath Macquarrie: Honourable senators, I have the honour to move second reading of Bill S-11.

I suppose it is an indication of a most excellent legislative chamber, in this a most excellent country, that a Presbyterian moves, and a good Roman Catholic seconds, a matter in reference to the Lutheran Church.

Senator Frith: Ecumenism has reached the Senate!

Senator Macquarrie: Some time ago I described myself as a crumbling pillar of the Presbyterian Church, with the emphasis on the "crumbling" rather than "pillar", and not a single person who heard me contradicted me or laughed. So I presume they took it as a statement of fact!

In any case, honourable senators, I am privileged to have an instrumentality in a measure which is of concern to a very important religious group in Canada. The petitioners for this bill are the Eastern Synod of the Evangelical Lutheran Church of Canada, which represents those members who live in the province of Ontario east of 86 longitude, and in the provinces of Quebec, New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island. There is some geographic knowledge here.

The ELCIC was formally organized in 1986 as a merger of the Lutheran Church in America Canada Section and the Evangelical Lutheran Church of Canada.

The Eastern Synod is the legal successor to the previous Eastern Canada Synod of the Lutheran Church in America. As such it includes all congregations but one (Geraldton)—I would like to have gone to Geraldton to see what views they had but I was not able to—of the former Eastern Canada Synod congregations and several congregations of the former Evangelical Lutheran Church of Canada.

The Eastern Synod will thus continue in the tradition of Lutheran jurisdictions in these provinces, which began with the 1884 charter of the Evangelical Lutheran Synod of Canada. This body merged with the Synod of Nova Scotia—organized in 1903—in 1962 to become the Eastern Canada Synod of the Lutheran Church in America.

Earlier, in 1925—those of you who are United Church people will know that is a very important year—another merger had united the Synod of Central Canada—organized in 1909 to serve English-speaking congregations—with the Evangelical Lutheran Synod of Canada, retaining the original charter of the latter. Both of these bodies served the provinces of Ontario and Quebec.

Lutheran congregations and jursidictional units preceeded these chartered bodies; however, Zion Lutheran Church in Lunenburg, Nova Scotia, was founded in 1772, and St. Peter's Cambridge in Ontario was founded in 1834. The first Lutheran congregation in Ontario was founded by the United Empire Loyalists in 1784 in what is now Riverside Heights, Ontario.

The Eastern Synod will be the latest Lutheran jurisdiction in a noble line of Lutheran communities in this part of Canada, serving in six provinces.

Honourable senators, while we have had for many years on Prince Edward Island a few people who belong to the Lutheran Church, I never did there encounter a Lutheran congregation, but later, at university, I did meet a good many people of that church. I had for them a tremendous respect and admiration. Especially when I lived in Manitoba I ran across Lutherans of the background of the Icelandic people, the Norwegians, the Swedes, the Danes, and, of course, the people who came from Germany. This is a church which has struck me as being very interested in the welfare of people beyond their own congregations.

The Lutherans, I think, have a world service program which is highly commendable. They are to be lauded for that.

They have, like the Presbyterians, had their internecine problems. My church has been rather famous for its splits. There was the Church of Scotland. There was a break-away group which called itself the Free Church of Scotland, and they stayed apart for generations. Then, when the Free Church reunited with the Church of Scotland, there was a dissatisfied group which still called itself the Free Church of Scotland. The "Wee Frees", they liked to be called, because they were a small dissenting group. That tradition of independence, which our great Governor General, Lord Tweedsmuir, John Buchan, so demonstrates, is something that is very rich in my memory. When people say to me, "Why can't these Muslims get along? Why do they have so many disagreements?", I say, "Well, sometimes they remind me of Dominion Provincial Conferences in Canada or of the Presbyterian Church." We can show great vigour in quarrels.

● (1520)

This piece of legislation—and, God knows, I shall not try to make any interpretations that would be foreign to the thoughts of the Lutheran Church—reflects a movement towards strengthening or uniting the Lutheran church, and that is all for the good. Most churches, even mine, do that from time to time.

However, lest I convey the view that everybody in the world is as filled with the ecumenical spirit as Senator Frith and I obviously are, let me tell you about something that happened in Scotland a few months ago, not within the Free Church of Scotland, which is a pretty small group, but within an even smaller group called the Free Presbyterian Church in Scotland. They had a little problem that resulted in a certain elder being denied the eldership, being denied the sacrament, and being ordered to repent. What was his sin? He had gone to the funeral of a Catholic. The deceased Catholic was a very distinguished judge. Why did that action worry the church? He was not a judge who accused three-year olds of being harlots or suppressed evidence or anything like that. The sin was that he was a Catholic. Who was this elder who was excluded from the little church in Scotland? He was none other than the Lord Chancellor of Great Britain, the Chief Law Officer of the Crown in that great country and the presiding officer of the superior legislature in that country, the House of Lords. He is now on the outside looking in on his local church because of what he did.

Because it was Scotland and because they were Presbyterians, in the midst of all this a wealthy Scot, who is described as "unchurched"—he did not belong to any of these factions but he had lots of money—donated a huge sum to this Presbyterian church, because he was impressed by the principle of what they had done. Now the poor little church is having another little schism—both of them are very tiny—and they are going to have to turn the matter over to a court of the church to discover what the principle was that caused this wealthy person to deal out several thousand pounds. I am not suggesting here that the Lutherans are the same. I see this great church moving forward to restructure itself.

I have only one other comment to make, in case I get the Lutherans, whom I respect, into trouble. Last Sunday I was in church—Senator Bonnell, I don't know whether you were or not—and, while other people were singing, I was looking over the "Book of Praise". I discovered, not surprisingly, that Martin Luther appeared in the section of authors and also in the section of composers and arrangers. Martin Luther, as you all know, was a man of great musical knowledge, and we think of such hymns as "A Mighty Fortress is Our Lord" and Luther's Cradle Hymn. I have asked some of my Presbyterian divine friends—I hope I do not offend them by calling them friends—whether there was anything in the life of John Knox or John Calvin that led to any musicality. I have a feeling that, if I went to the Lutheran Church some day and looked in their hymn book, there would be no entries for John Knox or John Calvin; and knowing that about my own beloved Presbyterians I was probably better employed reading the hymnary than trying to sing from it last Sunday morning.

Honourable senators, I commend to you this very helpful and useful movement on behalf of a very fine group of people in Canada and I urge that you give the bill favourable consideration.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as we are sitting tomorrow, I should like to adjourn the debate to have a chance to look at the bill.

Senator Bonnell: At the hymnary?

Senator Frith: I would like to have a look at it too. You know, real congregationship is standing in church and singing the hymns right through with the hymn book in front of you but not actually looking at it.

Senator Macquarrie: Senator Frith, if I could sing like you, I would do it without the hymn book!

Senator Frith: What a sweet-talker!

On motion of Senator Frith, debate adjourned.

NORDION AND THERATRONICS DIVESTITURE AUTHORIZATION BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Poitras, seconded by the Honourable Senator David, for the second reading of the Bill C-13, An Act to authorize the divestiture of Nordion International Inc. and Theratronics International Limited.—(*Honourable Senator Stanbury*)

Hon. Richard J. Stanbury: Honourable senators, Senator Poitras did an excellent job of explaining Bill C-13, which authorizes the sale by the government of two crown corporations that manufacture and sell nuclear products. Both companies had their beginnings in the old Eldorado Company. It was nationalized back in the 1940s to give Canada a vehicle to deal with its nuclear commitments to the Manhattan Project. Subsequently, these divisions were transferred to Atomic Energy of Canada Limited. AECL was turned over to the CDIC, and these two divisions were made into independent crown corporations and given the names "Nordion" and "Theratronics" with a view to preparing them for sale.

While I have serious objections to the philosophy of the Conservative government which drives them hell-bent toward a society which must become the prisoner of market forces, I do not object to the government's disposing of agencies that no longer have a public purpose and can be given new life and opportunity by conversion to the private sector. However, the selection of agencies to be sold, the price at which they are sold, the subsequent public regulation of their peculiar activities, the protection of the public and the workers—these are all questions which a committee of the Senate will want to investigate.

It is not good enough to base the selection of crown corporations for privatization on the need to satisfy the fanatical insistance of the government to submit everything and everyone to the forces of the private market. It is not good enough to sell pieces of our birthright, even for the sake of reducing the deficit. That is a noble objective, but this government has only been able to tackle it by raising taxes and selling off our assets, and, even then, not very successfully. In Canada there are public interests to be protected and promoted: national security, regional development, equality of individual opportunity, social justice and personal security. All of these have been part of the social contract which Canadians had become confident would continue—until this government began tearing it down and giving it away brick by brick.

These particular companies are certainly important to Canada. They represent the early development of Canadian technology in the field of nuclear science for the good of mankind. The contribution they have made in the treatment of disease and the sterilization of equipment and perhaps of food products is demonstrated by the fact that 90 per cent of their product is exported and they dominate the markets of their particular fields. Unlike another jewel of Canadian technology, Connaught Labs, provision has been made to keep voting control of these companies in Canada. However, the expectation is that, to get the capital they will need to expand markets and pursue research, they will make joint-venture agreements with others, foreign or domestic. As we all know, such arrangements frequently put management into the hands of the partner, who may be subject to the laws of another government. The bill should contain some protection against such an event. Both companies have shown that they can be economically viable on their own. Both are profitable companies. However, I should like to know how much of the Canadian taxpayers' money and other support has been required to make them so. Is the sale price likely to reflect the investment of Canadians since 1946 in order to make them successful?

• (1530)

The next question is: What now happens to Atomic Energy of Canada Ltd.? These are its only assets which make money. Where will AECL get its money for research? Or will it be starved for research money? Will it be dependent on grants from a Scrooge of a government?

AECL, if it is to remain in business, must have the very best in research to maintain its high reputation in the world for efficiency and safety.

I do not doubt that these two excellent companies are saleable, but at this point I have considerable doubt as to whether their sale is in the best interests of Canada, especially now that their technology is maturing and becoming profitable.

I also question whether the price at which they will be sold will reflect their true value or relate in any way to the contribution that has been made to their value by the Canadian people. The procedure for sale leaves the final decision to the discretion of cabinet. Past experience with cabinet's politicization of such decisions does not give much reassurance.

Whatever sale price is received will not be all gravy. First, there will be a substantial loss of annual income, projected to rise 40 per cent in Theratronics and to double, with profits tripling, in Nordion over the next five years. Then there will be the cost of regulation and inspection. Inspecting and regulating your own companies is quite different from providing the same supervision of companies privately held and with aggressive entrepreneurial management. What will that additional cost be? These companies are in businesses where any lack of care or assumption of risk could be lethal. How can we be assured of the public's safety?

Then there are the workers. Working with nuclear materials is always dangerous. The temptation for profit-oriented managers may be to cut corners in worker protection. What safeguards will they have?

The government has taken steps to protect pensions and has even given the employees the opportunity to purchase Theratronics.

Senator Frith: Some opportunity!

Senator Stanbury: There are 329 employees, but their union advises that they have had almost no input so far; they are opposed to the sale of the company in principle; they are worried about health and safety problems; and they are worried about whether AECL will be able to carry out necessary research without the income of these companies.

Senator Frith: They could never outbid the sharks that will be around either.

Senator Stanbury: To sum up, we are not opposed to the sale of crown corporations that have outlived their public purpose and could become viable private-sector companies. Indeed, it was a Liberal government that set up CDIC and placed our colleague, Senator Austin, in charge, with a mandate to dispose of such companies. But we would like to be sure that this is not just part of the rush to privatize the whole Government of Canada without regard for the strong principles upon which our mixed economy has been built.

We would like to be sure that the sale of these companies is in the best interest of the Canadian people. We would like to be sure that it will not cost jobs, as have other privatizations of this government. We would like to be sure that it is not a massive give-away of research and technology that has been paid for by the Canadian people and is just maturing to the point where it will be immensely profitable to someone selected privately by cabinet for a special Christmas gift. We would like to be sure that the conditions of sale and the subsequent regulatory climate are such as to protect the public and the workers from physical danger. We would like to be satisfied that the employees have a real input and a realistic opportunity to participate in the equity ownership.

Honourable senators, we should like very much to see Bill C-13 go to committee, where these concerns can be addressed.

Some Hon. Senators: Hear, hear!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

ENERGY SUPPLIES EMERGENCY ACT ACCESS TO INFORMATION ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Barootes, seconded by the Honourable Senator Beaudoin, for the second reading of the Bill C-4, An Act to amend the Energy Supplies Emergency Act and to amend the Access to Information Act in consequence thereof.—(*Honourable Senator Hays*).

Hon. Dan Hays: Honourable senators, in speaking to this bill I will start out with a few comments on Canada's membership in the International Energy Agency, an autonomous organization within the OECD that has 24 members. All but three of the OECD members are members of the International Energy Agency.

The objectives of the agency were well put, I believe, by Helga Steeg, the executive director of the IEA, in an introduction to a recent report in which she stated that its main goals are transparency of energy markets, energy efficiency of energy markets, energy efficiency, diversification of energy sources, and the development of new technologies.

One of the functions of the International Energy Agency has to do with an emergency sharing system that has two basic objectives: first, to deter an embargo on one or more IEA member countries; and, second, to minimize the adverse economic impacts arising from a disruption in the international supply of oil.

Further to that, Canada has established, and has had and continues to have, the Energy Supplies Allocation Board. This bill has to do with that board. The board is responsible for the preparation and implementation of contingency plans for the allocation of crude oil and petroleum products and, if necessary, for motor fuel rationing. These plans will be activated when the Governor in Council is of the opinion that a national emergency exists by reason of actual or anticipated shortages of petroleum, or disturbances in the petroleum markets that affect or will affect the national security and welfare and the economic stability of Canada, and considers that it is necessary in the national interest to conserve the supplies of petroleum products within Canada.

That brings me to a discussion of this bill, which, for the most part, is noncontroversial except in the point, perhaps, of removing from the board of six members a representative from Petro-Canada. In his speech on the bill Senator Barootes said that Petro-Canada has evolved from being an instrument of public policy to becoming a major competitor in the marketplace. For the most part, this change is rationalized on that basis, that is, that Petro-Canada is a competitor and no longer is properly on that board.

It is interesting that, as a conclusion, it is put forward that Petro-Canada is no longer an instrument of public policy. As you know, currently under study by the Standing Senate Committee on Energy and Natural Resources, which to date has heard eight witnesses, is the question of the extent to which Petro-Canada has met its original purpose and what its purpose today might be. In that context, the committee could usefully spend some time gaining a better understanding of this board and how it works and the implications for Canada of its membership in the International Energy Agency. For that reason I think it is important that this bill be referred to committee for some further study.

Honourable senators, that concludes my remarks on the debate on second reading of Bill C-4.

Hon. Efstathios William Barootes: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Barootes speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Barootes: I appreciate the remarks of Senator Hays, because he has been a very active member of the Standing Senate Committee on Energy and Natural Resources for several years. I will not take issue with his remarks other

than to say that the subject seems to bother him a little bit, because I realize he is an aficionado of Petro-Canada. Nevertheless it was Petro-Canada itself that agreed, and suggested, that they be withdrawn from this ESAB, because there is confidential information to which they would rather not be privy in the competitive field in which they are working.

• (1540)

Honourable senators, I move second reading of this bill.

Senator Hays: I wonder if I could ask Senator Barootes a question on the matter he just raised. Would you take a question, senator?

Senator Barootes: Of course.

Senator Hays: Does this request of Petro-Canada's not follow a decision of the sitting government that certain changes should be made with respect to Petro-Canada's role? Could it not be that their request is driven, at least indirectly, by the government's desire to have the company position itself for privatization, so that it really is not an altruistic or well-thought-out decision on the part of Petro-Canada but, rather, something it is being caused to do by government policy?

Senator Barootes: I do not think I can answer that question directly. You would have to go to the two authorities, Mr. Bill Hopper and the Minister of Energy, to find out who initiated what, or whether they agreed together that this should be done. However, obviously, they have agreed that it can be done. I think you might be able to find out more information in committee than I have been able to provide in this matter, because I am not privy to all of the answers.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Barootes, bill referred to the Standing Senate Committee on Energy and Natural Resources.

[*Translation*]

CANADIAN SPACE AGENCY BILL

SECOND READING

Hon. Paul David moved the second reading of Bill C-16 to establish the Canadian Space Agency and to provide for other matters in relation to space.

He said: Honourable senators, Canada's efforts in space are reflected in numerous scientific, technological, economic and industrial achievements, and in its joint participation with other nations in exploring and understanding space.

Bill C-16, the legislation to establish the Canadian Space Agency we are considering today, will ensure that our outstanding record of service in the field of international co-operation in space is maintained, for the benefit of Canada in particular and the rest of the world in general.

It is generally agreed that Canada entered the space age with the launching of Alouette I on September 21, 1962. However, well before that date, Canadian scientists were already studying the ionosphere. Using balloons and, later, rockets launched from the National Research Council's station in Churchill, they explored space and tried to understand the aurora borealis phenomenon and its effects on radio communications.

A little more than a year after the launching of Sputnik, the world's first man-made satellite, Canada's space program was initiated with considerable enthusiasm.

Towards the end of the Fifties, Canada suggested to NASA that it collaborate with the United States on launching a satellite to explore the ionosphere.

The Canadian government would design, build and pay for the satellite, and the United States would provide, free of charge, the rocket launcher required to launch the satellite.

The United States accepted our proposal. At this point we should remember, honourable senators, that we obtained this agreement mainly thanks to the excellent reputation Canadian scientists had acquired in this field.

When Alouette I was launched, Canada became the world's third nation, after the U.S.S.R. and the United States, to have an orbiting satellite.

At that time—this was 1962—a satellite's life span was measured in months. Alouette I remained in operation for ten years, which was unheard of.

Its scientific impact was considerable. Scientific papers prepared with the help of the data collected were made available to scientists and researchers throughout the world.

Alouette I was followed by several other satellites built by Canada and launched by the United States.

We worked together with the United States on another experimental program, the Hermes satellite program, aimed at developing new space craft technology and applying it to satellite telecommunications networks.

In 1972, when Anik was launched, Canada became the first country to operate a national geostationary satellite.

Today, Canada's activities have extended to areas such as robotics with the development of the Canadarm remote manipulator, and in future will include developing a maintenance and repair system for the international space station.

Our co-operation with other countries also provides for our participation in their programs and their participation in ours.

We are working with Sweden on their Viking program, with Japan on their EXOS-D scientific satellite, and in this respect we may point out that this is the first time Japan has integrated a foreign contribution in one of its national satellites.

We have provided instruments for the "Firewell" program in West Germany.

With France, the Soviet Union and the United States, we have been a participant in COSPOS/SARSAT, the international satellite program for search and rescue of aircraft and ships in distress throughout the world.

Recently, Canada signed an agreement with the U.S.S.R. on co-operation in certain areas.

Canada plans to launch a Radarsat in 1994. It will be the most sophisticated remote-sensing satellite in the world. The M-SAT, another Canadian program, will provide a satellite communications network for mobile users and remote areas. The United States will be responsible for launching both satellites.

Recently, Canada renewed a ten-year agreement for co-operation with the European Space Agency. Canada is the only non-European country that has this kind of agreement with the European Space Agency and its 13 member States. We play a major role in the program selected by this agency, including ERS-I, a European remote sensing satellite project in which the ground component is being provided by a Canadian company. We are also working on the Olympus program, a large communication satellite that was tested here in Ottawa at the David Florida laboratory. Olympus was launched last June in Kourou, French Guyana.

The key element of Canada's long-term space program is the international space station.

We are partners with the European Space Agency, the United States and Japan in the space station, the most important technological adventure in history.

Canada's contribution to the space station is the maintenance and repair system and an advanced robotics system to help assemble the space station.

The space station provides unprecedented research and development opportunities for science and technology. Canada will use and operate the orbiting complex throughout its life and Canadian astronauts will regularly be part of the space station team.

Honourable senators, I have just given you the history of Canada's international co-operation in space.

International co-operation will help us find new openings and share our expertise and knowledge with other nations.

International co-operation makes it possible for Canadian companies to form partnerships and thus be stronger in dealing with international competition.

International co-operation provides Canada with the latest information on technological developments.

International co-operation leads to closer economic and political ties in space technology and gives Canada and Canadian researchers the opportunity to show what they can do.

The Canadian Space Agency will add to Canada's international stature in the world's space community.

It will have the official authority to co-operate with the agencies of other countries so that Canada can continue to be one of the world's leading nations in space.

It will co-ordinate all elements of our program and thus guide our policies in this area.

In creating the Canadian Space Agency, we are telling our partners that we are serious about maintaining our space program, our reputation for excellence and our international place in space.

In summary, those are the objectives proposed for the Space Agency whose head office will be in the greater Montreal area. The bill establishes the legal framework for its operation.

Clauses 4 and 5 explain the general purpose and functions of the Agency.

Clauses 6 to 11 define the powers and duties of the minister responsible.

Clauses 12 to 18 describe how it is organized.

Clauses 19 to 22 create a space advisory board.

With that presentation, honourable senators, I urge you to consider this essential bill as soon as possible so that Canada can continue its leading role in a scientific area whose benefits far exceed all the hopes of the fertile imagination of our scientists. Thank you for your kind attention.

Hon. Philippe Deane Gigantès: Honourable senators, as a senator from Quebec I am pleased that the greater Montreal region has been chosen as the site of the space agency. But I cannot agree when Senator David says that what the agency will do and what we are planning to do exceed any scientific aspirations we might entertain.

On the contrary, I feel that time has come indeed to reconsider the whole research field where this agency fits in with a view to creating a much more ambitious program geared to Canada's scientific skills. This program is far too modest and unduly isolated in a number of respects. It reflects a somewhat servile approach where—despite our wealth of scientific brains we, not in this house, but in this country—we do not dare take any initiative of our own. That is precisely what we can do.

I hope the bill will be given serious consideration and that we will get specific answers on anything new we might expect, for all the projects mentioned by Senator David have been in the planning stage for quite some time. What more will we do in the future? For example, the whole field of research on advance warning satellites for our armed forces. These things cannot be considered separately. We have to examine how we might combine them with military research. Nothing says we have to rely on the United States. Quite the contrary.

Automation is a must when it comes to monitoring our air space and upper regions. I consider we must not be modest. It is up to this house to urge the government to respond more adequately to the skills of Canada's scientific community just so we will not lose our scientists to other countries. Thank you, honourable senators.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator David, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

• (1550)

[English]

GOVERNOR GENERAL'S ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Nathan Nurgitz moved the second reading of Bill C-31, to amend the Governor General's Act.

He said: Honourable senators, I am pleased to rise today to say a few words in sponsorship of Bill C-31, an act to amend the Governor General's Act. I should point out, honourable senators, that Bill C-39 in its original form, when it was first introduced into the House of Commons on June 26, has been placed on your desks, and next to it appears a copy of page 1050 of the *Votes and Proceedings* of the House of Commons. So the bill that we have before us is as amended by those various items that appear on page 1050.

The substance of that change is that, as opposed to having an increase from $70,000 per annum to $80,000 per annum, the increase is now to $83,800. That was rounded off. Thereafter, because there is a second part of this bill, the indexing of the salary commences on January 1, 1990, which was another amendment made to the bill.

• (1600)

Honourable senators, I believe that most members of this place and the other, and, indeed, most Canadians, fully recognize and appreciate the importance of the role played by the Governor General in our parliamentary system of government. I am sure that all Canadians support a bill that strengthens the position of the Governor General. It is precisely for that reason that this bill has been brought forward and that is the aim of it—to reinforce that office with a better salary.

In addition to a salary increase, as I mentioned, the bill establishes what might be termed an objective procedure allowing the Governor General's salary to be adjusted annually. I think nothing further need be said in sponsorship of this bill and I urge honourable senators to support it.

Hon. Earl A. Hastings: Would the honourable senator explain a phrase that he used? He said that the salary was "rounded off".

Senator Frith: He was jesting.

Senator Nurgitz: I was jesting and I ought not to have. The original bill, which was introduced in June, was for a salary of $80,000 per annum. It is now $83,800 per annum. I was being facetious. I ought not to have been and I apologize.

Senator Hastings: I just could not understand how $83,800 rounded off to $80,000. With those remarks, I adjourn the debate.

Hon. Finlay MacDonald: Honourable senators, before the adjournment of the debate, I should like to ask Senator Nurgitz a question. Would it be possible to place any conditions upon this increase? I had in mind the opening of the tennis courts at Rideau Hall, which have been closed for the last number of years.

Hon. C. William Doody (Deputy Leader of the Government): How about the cricket pitch?

An Hon. Senator: You're on a sticky wicket now!

Senator MacDonald: Yes. I distinctly remember a situation in which all honourable senators were invited to a reception at Rideau Hall, but only spouses were allowed to accompany them. Senator Frith and I arrived alone.

Senator Frith: Not together!

Senator Nurgitz: Which one of you was the spouse?

Senator Frith: That is why I got the "not together" in there fast.

Senator MacDonald: And we complained bitterly to the Governor General at the time.

Senator Frith: Well, I complained politely, but he complained bitterly.

Senator MacDonald: Senator Frith and I made the point that if we were to continue to be forbidden to take an escort with us, we would have to prevail upon or molest the wives of our fellow senators.

The Governor General at that time was apologetic. She said that in the other place they had a certain amount of trouble because, when on the invitations "members and guests" were specified, they found that spouses were often not brought along and that some other person was in their place. This caused a little trouble, but surely that would not be the case with honourable senators.

Senator Frith: You notice that he specifies that that would not happen with "honourable" senators—he did not refer to any other sort.

Senator MacDonald: I think Senator Frith and I have corrected this situation, but I want to be sure, before I support this legislation, that that will not happen again and that the tennis courts will be opened.

Hon. Heath Macquarrie: Honourable senators, not being an aging Don Juan, I will not get into the discussion that has just been brought before us.

Senator Doody: Do you mean you are a young Don Juan?

Senator Macquarrie: Perhaps, but I will get into safer terrain. Sometimes in this place, when we are accommodating to our colleagues, there are procedural requirements. The fact that I was named by His Honour the Speaker as the seconder of this particular motion does not indicate a burning enthusiasm for the content of the bill.

Hon. John B. Stewart: Honourable senators, I take it that the bill we have before us is in the form in which it was introduced in the House of Commons for first reading. Is that correct?

Senator Nurgitz: Yes.

Senator Stewart: That explains, then, why this bill comes to us with the following recommendation: "Her Excellency the Governor General recommends this appropriation." I wonder

if the sponsor of the bill would assure us that the formula for annual adjustment of salaries is the same as that used for the salaries of members of Parliament. If not, how is any difference in the formula to be explained?

Senator Nurgitz: Honourable senators, I shall undertake to make that inquiry. Since I have until tomorrow in any event, because Senator Hastings wishes to speak to the matter, I will attempt to get the answers to that question and Senator MacDonald's question. I do not have to make a long-distance call—I will call Her Excellency and check on the tennis courts, the cricket pitch and Senator MacDonald's ability to bring whomever he wishes to functions at Rideau Hall.

Hon. Roméo LeBlanc: Honourable senators, if I may, I will ask a question of the sponsor of the bill. It need not be answered immediately. I would be happy to have the information tomorrow.

What provisions are made for the Governor General's pension? I know that in the past, with the appointment of people of relatively modest means, those issues were not properly addressed. But I think that it should be when we consider that someone serving in that position does so over a fairly limited tenure, be it five or a few more years. I would be interested to know if the pension plan is in any way comparable, for example, to that of the federally appointed judges in this country, which is a generally rewarding system.

Senator Nurgitz: Honourable senators, I will look into that, together with the question by Senator Stewart, and I hope to have an answer tomorrow.

Senator Hastings: I have one further question, honourable senators. Would Senator Nurgitz ascertain whether we provide Her Excellency the Governor General with secretarial or support services during the period of her retirement?

Senator Nurgitz: I remind honourable senators that I was handed this bill while walking into the chamber today.

Senator Hastings: You did very well.

Senator Nurgitz: Someone said, "This will be quite simple."

Senator Frith: Look out!

Senator Nurgitz: I will undertake to try to get as much of that information as I can.

On motion of Senator Hastings, debate adjourned.

TRANSPORT AND COMMUNICATIONS

FIFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fifth report of the Standing Senate Committee on Transport and Communications (Stephenville Inquiry), presented on Tuesday, December 19, 1989.

Hon. Finlay MacDonald: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

[Senator Stewart.]

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

THIRTY-FIRST REPORT OF THE COMMITTEE ADOPTED

The Senate proceeded to consideration of the Thirty-first Report of the Standing Committee on Internal Economy, Budgets and Administration (administrative policies on taxi and purchasing services), presented to the Senate on December 19, 1989.—(*Honourable Senator LeBlanc, P.C. (Beauséjour)*).

Hon. Senator Roméo LeBlanc: Honourable senators, I move that the thirty-first report of the Standing Committee on Internal Economy, Budgets and Administration be now adopted.

Motion agreed to and report adopted.

[*English*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

TENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the tenth report of the Standing Senate Committee on Social Affairs, Science and Technology (extension of date of final report re study on child poverty), presented on Tuesday, December 19, 1989.

Hon. Lorna Marsden: Honourable senators, before moving the adoption of this report, perhaps I could say that it was always the intention of the Standing Senate Committee on Social Affairs, Science and Technology to examine the question of child poverty at more than one stage. Senator Robertson was the person who spearheaded this study some time ago. This week we tabled our interim report and we are asking you now to give us time to complete the next stage of our study, in which we bring forward recommendations for the alleviation of this problem.

Hon. C. William Doody (Deputy Leader of the Government): Does Senator Marsden want me to take the adjournment of the debate in the name of Senator Robertson or will she let this one go through?

Senator Marsden: Honourable senators, I believe that Senator Robertson has nothing further to say at this time.

I move the adoption of this report.

Motion agreed to and report adopted.

• (1610)

STANDING RULES AND ORDERS

SECOND REPORT OF COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Corbin, for the adoption of the Second Report of the Standing Committee on Standing Rules and Orders (Standing Committe on Aboriginal Peoples), presented in the Senate on 12th December, 1989.—(*Honourable Senator Watt*).

Hon. Charlie Watt: Honourable senators, I believe this matter has been a long time coming.

I wish to make a few points in support of establishing a Standing Committee on the Aboriginal Peoples of Canada. In doing so I will be speaking about the single most important issue I can possibly address in this chamber—the future of my people in this country.

Unfortunately, I am deeply discouraged by what I have to say on this subject. For the first time in many years I am beginning to ask myself if Inuit really do have a future in Canada. I have heard more and more Inuit asking themselves this question. This is a sorry situation which has serious implications for our future as a people. It means that we are starting to lose hope. The results of hopelessness and despair can be devastating. Cultural collapse, alcoholism, family violence, a horrifying suicide rate, high unemployment, and a wasted and disinterested youth are some of the examples.

I am sure my good friends, Willie Adams and Len Marchand, are only too familiar with what I am talking about. But other honourable senators may gain a better understanding of my frustrations if I describe the situation in terms of my expectations and experiences.

When I was first appointed to this place I was optimistic. I felt that Inuit and other aboriginal peoples were beginning to make some real progress. We were gaining a foothold in this country, and we were finally in a position to start taking our rightful place in Canada.

To my mind, there was no turning back. It seemed that the country was slowly but steadily making room for our values, cultures, and economic aspirations. The difficult but rewarding journey through the land claims process was starting to pay off for northern Quebec. There was no better example of what we had hoped to achieve than our role in the constitutional reform process. A hundred and fifteen years had passed since Confederation, but the aboriginal politicians were finally sitting with the first ministers to work out an amendment to entrench our rights and institutions into the highest law of the land.

Many people do not fully appreciate what this kind of positive outlook can accomplish for aboriginal peoples. It provides us with the confidence to take a chance on Canada. This means we can evolve, participate, and reach new accommodations with those Canadians that only arrived within the last 500 years. Without this positive outlook, it is doubtful that many aboriginal peoples will even care to try to take their rightful place in this country, making it very unlikely that Canada will ever come to terms with its aboriginal peoples.

It is for these reasons that I am sad to say that I am no longer as optimistic as I once was. Today I see that not only have we stopped moving forward but we are actually starting to fall behind. This is a scary thought for the Inuit and other aboriginal peoples, who have so little to begin with.

It seems like we are losing our opportunities to gain a foothold in this country on all fronts. We have been effectively eliminated from the federal-provincial process on rewriting the Constitution. In the land claims process we are encountering a policy whereby few of any acquired rights can gain constitutional protection under Section 35 of the British North America Act. In terms of economic development, it appears that we must take two steps backward for every step forward, because our fledgling economies cannot withstand the decrease in federal spending. Moreover, our youth is trapped in a faulty education system that almost guarantees that they will stay years behind those students enrolled in non-aboriginal schools in southern Canada.

Funding cuts are also doing much to erode our position in this country. While the federal deficit dictates the need to reduce some government expenditures, it is all too easy to predict that aboriginal funding and programs will be the first up on the chopping block. It is the old story of those who are last to share in the wealth of the country being the first to be cut.

The funding cuts I am referring to are very real and they are often directed at aboriginal organizations. When I mentioned that we have been written out of the constitutional process, I was not just referring to wording contained in the Meech Lake Accord. I was also talking about the fact that all constitutional funding to aboriginal organizations was promptly cut off shortly after the failure of the 1987 first ministers' conference.

More recently, a 7 to 8 per cent reduction in Secretary of State budgets resulted in a 15 per cent cut in the core funding provided to aboriginal organizations. My national organization, the Inuit Tapirisat of Canada, has endured two such cuts in recent years; it has received absolutely no increases in funding over the last seven years; and it expects another round of cuts this spring. This means that ITC has literally no travelling money; and it is down to its president and two regular staff members. It is now questionable whether our national organization will be able to survive the next few months. I am very familiar with their situation, because, as president of Makivik Corporation, I sit on the ITC board of directors; I have had to participate in the decisions to reduce expenses to the point where our national organization has lost much of its ability to represent effectively the interests of the Inuit.

I understand that the situation is similar for the national organizations representing the Métis and non-status Indians.

I hope honourable senators realize that I am not complaining about the loss of a few funding dollars. What is at stake here is our ability and our right to represent ourselves and to promote our interests in Canada. Despite the sprinkling of aboriginal members in the Senate and the House of Commons, these national organizations still have a vital role to play in representing aboriginal interests in this country.

On matters relating to economic development, I applaud the government for its initiative in creating and funding the Canadian Aboriginal Economic Development Strategy. However, I am afraid that many aboriginal businesses will never get off the ground because there will be so little money left in their regional economies. That is due to reasons both under and beyond the control of the government.

I can use the North as an example of what I am referring to. First, the northern economies suffered a severe blow with the collapse of the seal skin industry. Until that collapse, seal skins had provided many Inuit hunters with a small cash income on which they relied to purchase gasoline and hunting supplies, as well as a few household items. The government has recently introduced a few minor programs to compensate for the demise of that industry, but it will take a long time for the northern economy to recover fully.

● (1620)

We have still more problems to contend with. The introduction of fake Inuit art in southern markets has hurt another important source of income for the Inuit. The proposed changes to unemployment insurance will also reduce the amount of money circulating in the northern economies. Much the same can be said about the proposed GST. The government is also cutting back a subsidy to Canada Post, which was meant to offset the high cost of transporting fresh food and other essential goods to northern communities. This subsidy was initiated to help northerners cope with the unbelievably high cost of living, by ensuring that they would have access to fresh food at reasonable prices. It is estimated that the first round of subsidy cuts will result in a 20 per cent increase in the cost of living for northern consumers.

These developments mean that there will be little money left in northern economies to promote any significant businesses or economic acitivities. I hope this situation is not an indication that governments have given up on economic development for large regions of the north. That kind of reasoning can only have devastating consequences for the future of the Inuit in Canada.

I proposed the establishment of a Senate committee on aboriginal issues five years ago. At that time I thought that such a committee could help to further advance the progress that was being made in the aboriginal consitutional process. I now believe that a Senate committee is needed to ensure that we do not fall any further behind.

Hon. Earl A. Hastings: Honourable senators, I welcome the opportunity to participate in this debate and to lend my support to the adoption of the second report of the Rules and Orders Committee, which, in effect, will provide for the establishment of a Standing Committee of the Senate on Aboriginal Peoples. Having regard for the historical significance of this chamber and our duty to protect the rights of the minority, and mindful of the historical treatment of these people, I join Senator Watt and others who say the move is long overdue.

The aboriginals' place in society was described by Senator Marchand as a national tragedy. It has been just that: They have been systematically denied participation, equal treatment and opportunity in our society.

I want to commend the honourable senators who have participated in this debate on focusing on the plight of the aboriginal people of Canada. I have no intention of repeating or adding to the sordid statistics and observations that have been placed on the record to focus on and indicate the dimensions of the problem; they provide very compelling reasons for the establishment of a Senate committee on this subject.

I do feel, however, obliged to seize this occasion to underline and outline again and place on the record the pitiful, brutal treatment of the aboriginal by the criminal justice system, a justice system that fails the aboriginal in denying him fairness and equality, the cornerstones of a liberal democracy, from the time of investigation and arrest through trial, through custody and through to release. I am sure that honourable senators are receiving a glimpse, as are all Canadians, of the treatment of the aboriginal by the system, by the incredible treatment that has been brought to light in public inquiries such as the Donald Marshall Inquiry in Nova Scotia, the Manitoba Aboriginal Justice Inquiry, the inquiry into the circumstances of aboriginal deaths on the Blood Indian Reserve near Lethbridge, Alberta, and the Ontario Task Force on Policing and Race Relations. It is interesting to note that, in addition to those four inquiries, the Aboriginal Associations of Saskatchewan and Quebec requested similar inquiries but were denied.

From my experience of the criminal justice system, I wish to assure honourable senators that what has been revealed to you by these inquiries are not isolated incidents. They have surely focused on and shown you the brutality and the cruelty of this system to these people across Canada. I have some concern that the inquiries will not serve any great purpose whatsoever once they are finished. In fact, I sometimes remain quite skeptical. I am sad and discouraged, like my colleague, Senator Watt, at times. I am sad and discouraged when I read that the citizens of The Pas, Manitoba, are more concerned about the reputation of their city than they were ever concerned about the treatment of Helen Betty Osborne. I am skeptical when I see the Winnipeg City Police more incensed that they should be investigated than actually concerned about the treatment of J.J. Harper on a Winnipeg street one night; and I am skeptical when I hear that the citizens of Cardston and Lethbridge wish to end, as quickly as they possibly can, the investigation into deaths on the Blood Reserve.

In these circumstances, I hope the Senate committee we are establishing will not let the findings of these commissions be put aside or forgotten, but that the committee will bring them forward and bring in people to explain the decisions and recommendations of these commissions, and of other commissions that will, no doubt, be held for the benefit of the aboriginals.

I said the aboriginal was mistreated from the time of arrest, through trial, custody and release. Honourable senators, in the initial exposure of the aboriginal to the authorities, he is less knowledgeable of his rights; he is totally intimidated by a system that coerces him into the action of pleading guilty because he knows not the system, particularly the subtleties of the plea-bargaining system. He pleads guilty because he is totally intimidated by the system. If they say there are two standards of justice, one for the rich and one for the poor, let me assure you that there are three: one for the rich, one for the poor, and one for the aboriginal Canadian.

The Daubney report of the House of Commons, which was recently made public, said:

> One reason why Native offenders are disproportionately represented in the prison population is that too many of them are being unnecessarily sentenced to terms of imprisonment.

The fact is that the rate of growth of the native offender population has exceeded that of the general population in every year since 1982. That is why a study, reviewing the admissions of the Saskatchewan corrections system in 1976-77, appropriately entitled "Locking Up Indians in Saskatchewan", contains findings that should shock the conscience of everyone in Canada. In comparison to male non-natives, male treaty Indians are 25 times more likely to be admitted to a provincial correctional centre, while non-status Indians or Métis are eight times more likely to be admitted. If only that part of the population over 15 years of age is considered, then male treaty Indians are 37 times more likely to be admitted, while male non-status Indians are 12 times more likely to be admitted. For women, the figures are even more extreme. A treaty Indian woman is 131 times more likely to be admitted than a non-status Métis woman; and 28 times more likely than a white.

● (1630)

The Saskatchewan study brings home the implications of its findings by indicating that a treaty Indian boy turning 16 in 1976 had a 70 per cent chance of at least one stay in prison by age 25. The corresponding figure for a non-status Métis was 34 per cent; for a non-native in Saskatchewan it was only 8 per cent. Put another way, this means that in Saskatchewan, for young native men, prison has become the promise of a just society which high school and college represents to the rest of us.

Placed in an historical context, the prison has become, for many young native people, the contemporary equivalent of what the Indian residential school represented to his parents.

Honourable senators, three reports with respect to custodial treatment of inmates have been released recently. The Daubney Committee report to which I have just referred was released in 1988; it was a report of the House of Commons Committee on Justice and Solicitor General. The Canadian Bar Association report, "Locking Up Natives in Canada", was released in June of 1988. We also have the report of the Solicitor General's Task Force on the Reintegration of Aboriginal Offenders, which was released in March 1989. All three reports are indictments of our society as they highlight the vicious treatment the native is called upon to endure when he becomes involved with the criminal justice system in Canada.

Honourable senators, those are not the first reports, although, hopefully, they will be the last. However, I know they will not be. In reading the Solicitor General's report my attention was caught by some interesting phrases. They rang a bell that caused me to go back and reread a 1974 report of a Senate committee, chaired by Senator Goldenberg, that investigated parole in Canada. That report contained a section on the native in custody. It was interesting to find that in 1974 the committee chaired by Senator Goldenberg wrote that the native population in correctional institutions was disproportionately high in that they constituted 8 per cent of the total penitentiary population. The minister's task force, which conducted its study 15 years later, stated that, although they comprised 2.5 per cent of Canada's population, approximately 9 per cent of federally incarcerated inmates were aboriginal people. In 15 years there has been no improvement. It is worse. The Solicitor General proclaims his "grave concern" for the native in custody and proclaims the fact that they have been "working successfully" at the problem over the years. Yet the situation is worse today than it was when Senator Goldenberg investigated the situation in 1974.

In 1974 the committee chaired by Senator Goldenberg also found, with respect to programs in institutions, that in some instances programs should be orientated to the cultural, social and economic needs of the offenders. In 1989 the Solicitor General has said that the correctional system should make available programs that are particularly suited to serving the spiritual and cultural needs of the aboriginal offender. He says that we must ensure that our programs and processes are sensitive to the special needs of these offenders. That is exactly what Senator Goldenberg's committee found 15 years before.

In 1974 the Senate committee also found that more native workers would be valuable in determining realistic alternatives for native offenders and that the correctional authority should employ native workers in all phases of the correctional process. In 1989 the Solicitor General states, "Further action is required to increase the number of aboriginal employees." The Daubney Committee report, in 1988, stated that those who deliver these programs often come from non-native backgrounds, with the result that there are oft'times cross-cultural difficulties and therefore native instructors and teachers should be hired to deliver programs to native people. The committee chaired by Senator Goldenberg identified those problems back in 1974. Our programs at that time were irrelevant to the native offender. They were "our" solutions to "our" problems. They were not "his" solutions to "his" problems and he could not understand them. In 1974 we recommended that more natives be brought into the correctional process. The Solicitor General with his "great concern" offers the same recommendation in 1989 and proclaims to the world that he has been "working successfully" at the problem.

The fact is that he has the gall to take credit for modest progress with respect to native spirituality. Native spirituality has been asked for by the natives for as long as I can remember. I imagine that for 50 years they have been asking for their own spirituality in institutions. They were told to go to the Roman Catholic priest or to the Protestant minister; that that would meet their needs. Through continued asking or through continued appeal to the authorities they were finally granted their unique spirituality program about three years ago. That was "their" request for "their" problem. It has had very positive results. However, the Solicitor General now takes

credit for that great leap forward in corrections, which was only in response to the persistent request of the natives themselves.

Honourable senators, I have in my office a reference list that runs from 1973 to 1988 of over 150 studies, reports, evaluations, statistical reviews, preliminary issues, observation profiles, opinion studies, task force reports, inventories, a longitudinal analysis—whatever that is—policy frameworks, surveys, assessments, summaries, project plans, guidelines, all of which have been dedicated to a solution to the problem of the native in custody. Over 100 were commissioned by the Correctional Service of Canada, the Parole Board and the Solicitor General's Department. Of course, the Department of Health and Welfare weighs in with seven reports. The Department of Indian Affairs and Northern Development has produced three reports dealing with the native justice system. The Department of Justice, the Justice Committee of the House of Commons, the Law Reform Commission, the Sentencing Commission, and the Canadian Bar Association—all have produced reports. The topic has become like the environment—now everyone has to have a report on the native in custody.

It seems to me that the native can be forgiven if he reaches the conclusion that the greatest benefit of his being in custody is reaped by report writers or contract consultants who are hired by the government to investigate and write these reports.

● (1640)

The principal obstacle to obtaining meaningful treatment for the aboriginal is the persistent stereotyped view of the aboriginal and our limited understanding of his lifestyle and his culture. We must change the areas of programming and treatment to be sensitive to his needs as a native offender. We should not focus on his criminality, but rather we must treat him as an individual with special needs requiring a special program.

Alternatives to prison must be developed in a meaningful way with a view to reintegrating him into his own society. The recommendations of the Daubney Committee of the House of Commons will go a long way if adopted and accepted. I hope that one of the first objectives of this new committee, when it is established, will be to undertake a review of that report and to call the officials before the committee to explain their progress in following the report, because it outlined a great deal of meaningful progress that could be made with respect to inmate training.

The final area is pre-release and parole. All of the available information from all of the studies indicates that natives have less opportunity for release on temporary absence, on day parole, or on parole. They are called upon to serve their complete sentence far more often than the white or non-native. The native offender is less likely to be released on parole. In 1987 non-natives comprised 42 per cent of the inmates released on parole, while 18 per cent were native. The fact is that they are called upon to serve a greater proportion of their sentence in custody.

[Senator Hastings.]

I called the Parole Board recently with respect to day parole, and the statistics continue to come out the same as they have always done. After an intense examination of 349 files, it was found that 48 per cent of the general population waived their right to a day-parole hearing. Fifty-eight per cent—almost 60 per cent—of the native population waived their right. They do not even want to go to the Parole Board. They are intimidated by the Parole Board. However, a more interesting fact is that, of those who did go to the Parole Board, 10 per cent of native applicants received day parole whereas 23 per cent of the non-native inmates applying received day parole. Twice as many non-natives received day parole as did natives.

You may ask why. I can only tell you it is because day parole is a procedure that is ours. It is fine for a young white offender. He can provide the Parole Board with his educational plan and say that he is going back to university or to high school. He can provide the Parole Board with a release plan that involves employment. He can provide the Parole Board with community support. How does the native boy provide the Parole Board with a logical, reasonable, release plan? That is systemic discrimination.

Honourable senators will recall passing Bill C-67, which was to protect us forever from violent offenders. Sixty-one per cent of the referrals for that detention process on the Prairies were natives. I went to Saskatchewan Penitentiary where which 18 of them were referred. Two were non-native. When I asked for an explanation, I was told that the native is much more violent. Many explanations are offered for the overrepresentation of natives in the detention referrals. First, many felt that a higher proportion of natives than non-natives are incarcerated for crimes of violence. However, if crimes of violence are defined as offences on the schedule of that act, an analysis of inmates registered in federal institutions shows that natives are not overrepresented among those inmates who have been admitted for offences on the schedule.

Someone, somewhere, decided that the native offender is much more violent and much more dangerous and, therefore, should be kept in until the end of his sentence. This is part of the systemic discrimination that prevails in the system, as I hope I have explained, from the time of exposure and arrest to the time of release. I do not believe it to be intentional, but it is becoming so ingrained that it will be close to being intentional if we do not seize the opportunity and address it—and address it quickly.

It is for that reason, Senator Watt, that I am not discouraged or sad, even though I have watched this system over the last 25 years. I have seen progress, but it is very slow. However, I say to Senator Watt and to Senator Adams that, if we seize this opportunity and move with our best efforts, we can contribute to a solution of the socioeconomic problems of natives in our Canadian society. I hope to play my part in seeking a solution to this damnable problem of the native in custody.

Hon. Roméo LeBlanc: Honourable senators, I do not intend to speak at great length, but I would like to say a few words

about a problem that I became familiar with in a previous role that I played. I know that we have our different points of view on the approaches to what could be a preoccupation of this committee, and they are all legitimate. The one we have just heard from Senator Hastings is about an area which I do not know very well. I listened to him with great attention, as I did to my colleague, Senator Watt.

I would like to say a word about housing, because I think that you cannot look at the native peoples' problems in this country without having a look at that problem. I happen to have come across some of them when I was responsible for the Canada Mortgage and Housing Corporation at a time when the federal government was spending large amounts of money for social housing.

The well organized and well educated could get access to money in the name of cooperative housing described in one form or another. Retired school teachers in a large city of Canada could get together and have a 100-unit or 75-unit apartment building put up with very major investment on the part of the Government of Canada into that project. Most of us know of villages, which are by definition quite prosperous, putting up 10, 20 or 30 units of apartments for people who will retire in comfort. That is a good social policy, but I had some difficulty in getting some of my officials to focus on the real problems of the native people. Some did, but they were usually frustrated by those who looked only at the bottom line in the housing projects.

These problems were both in reserve situations and in city situations. On reserves we had housing which we would take pictures of and possibly use to convince people that we had to do more for the third world. My memory could be faulty on this, but I know that the arithmetic for reserves shows that over 50 per cent did not have a safe water-supply system for the people living on the reserves. Again, these are Canadian responsibilities. These are lands for which the Parliament of Canada is responsible. These are people for which we say the Parliament of Canada is responsible.

● (1650)

Then we have our cities, particularly our western cities, to which many young native people have moved but in which they have been involved in a very difficult housing situation. That is not something new. We do not have to reinvent the wheel. We know of the social problem that was created when the blacks moved to the northern cities in the United States; and, if we want to be colour-blind, we know of the problems caused by the movement of the people from the Appalachian regions—they were white but they were poor—when they moved to the northern cities of the United States to find work. Those problems exist today, and they also existed up to ten years ago in Winnipeg, Saskatoon, Regina and in many of our other western cities.

I support this motion. If we have to sacrifice some of the committee activities because of a shortage of funds or of available time of senators, then we should have the courage to undertake a reduction of activities in certain areas to ensure that this committee is given sufficient funds. I hope that I will be in a position to help provide the funding and energy required to focus on some of the issues, because we will not be able to cover all of them. I thought I should say a word about a subject that is very serious to me, the question of housing.

Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat: If no other senator wishes to speak, I will close the debate. I simply want to thank all of those who have participated in this debate, which has elicited a great deal of information. I think it put forward, in a very clear light, the problem that exists. I believe everyone, as we listened to the eloquent presentations that were made, will agree that the committee made the right decision in proposing that the Senate adopt this report and establish this committee. I simply want to say, on behalf of the members of the Standing Committee on Standing Rules and Orders, how useful this debate has been, and I thank the participants.

Hon. Senators: Hear, hear!

Motion agreed to and report adopted.

[*Translation*]

ASSEMBLÉE INTERNATIONALE DES PARLEMENTAIRES DE LANGUE FRANÇAISE

SEVENTH ASSEMBLY OF THE AMERICAS REGION—DEBATE ADJOURNED

Hon. Paul David rose pursuant to notice of December 12, 1989:

> That he will call the attention of the Senate to the activities of the Canadien Section of the Assemblée internationale des parlementaires de langue française at the Seventh Assembly of the Americas Region, held in Halifax and the Acadian Region of Southwestern Nova Scotia, from 2nd to 6th November, 1989.

He said: Honourable senators, I have the honour to table today in the Senate, and to provide a summary of, the report of the parliamentary delegation to the Assemblée internationale des parlementaires de langue française (AIPLF) held in Nova Scotia from November 2 to 6, on the occasion of the Seventh Assembly of the Americas Region of the AIPLF. This assembly was attended by about 20 French-speaking parliamentarians from the parliaments of Canada, Quebec, Ontario, New Brunswick, Nova Scotia and Louisiana. Our colleague, Senator Martial Asselin, international president of the AIPLF, honoured us with his presence throughout this very stimulating trip.

It is a pleasure to announce, honourable senators, that last June, the Legislative Assembly of Nova Scotia unanimously approved a request for membership in the AIPLF. The request was accepted by the AIPLF general assembly in Paris a month later. The Seventh Regional Assembly officially recognized this new section. This represents a major development in the French-speaking community in Canada and throughout the world. In fact, Nova Scotia's small French-speaking community, isolated and neglected for many years, has obtained, through its French-speaking parliamentarians in the Legislative Assembly, the recognition it needs to be able to participate

in an international forum. The international francophone community is the richer for the membership of this community. In return, the new member has acquired solid allies in its daily struggle against assimilation and its efforts to affirm its existence and its identity. For the French-speaking community in the Americas, the addition of Nova Scotia to the AIPLF enhances the dialogue among French-speaking communities in Canada and increases the impact of the "Francophonie" in the Americas and throughout the world.

Our meetings in Halifax focused on three themes that had been previously agreed on. At these meetings, however, parliamentarians agreed that the Canadian language situation, now that the expected ratification of Meech Lake was only a few months away, required an exchange of views. As a result, one period was dedicated to this very topical issue which was discussed during a debate in which reason, emotion and sometimes passion were very much in evidence.

Parliamentarians took part in a general discussion of the activities and future prospects of the AIPLF's Americas Region. Francophone youth in the Americas was the subject of a worthwhile debate. It was recommended that young people be consulted more often and be involved in our discussions in order to provide for a dynamic future membership. The issues of bilingualism and the future of francophone communities in the Americas gave rise to some animated and enlightening debate.

The visit to Halifax and southwestern Nova Scotia helped many participants discover the Acadian community of that province. For several, it was a revelation. To be sure, the situation of that community is not an easy one, but the pride of those people and their firm desire to live in French is cause for rejoicing, especially since francophones have recently been granted various services in French and a department, headed by a francophone, now has a mandate to develop those services.

In short, honourable senators, the Canadian delegation to this Seventh Assembly of the Americas Region of the AIPLF came back very pleased with its stay in the Acadian part of Nova Scotia and much better informed. It considers these meetings to have been a great success and thanks the Nova Scotian authorities and the Acadian community for their warm and friendly welcome.

So I take great pleasure in tabling the detailed report in both official languages. Accordingly, Mr. Speaker, I table these two reports. Thank you for your kind attention.

On motion of Senator Bolduc for Senator Asselin, debate adjourned.

● (1700)

[English]

PEOPLE'S REPUBLIC OF BULGARIA

OFFICIAL VISIT OF SPEAKER OF THE SENATE

Hon. Guy Charbonneau, Speaker of the Senate, rose, pursuant to notice of Tuesday, December 13, 1989:

That he will call the attention of the Senate to his official visit to the People's Republic of Bulgaria from June 13 to 15, 1989.

He said: Honourable senators, I have the pleasure to report on the visit undertaken by my wife and myself to the People's Republic of Bulgaria during the period June 13 to 15 of this year, in response to an invitation from the President of the National Assembly, His Excellency Mr. Stanko Todorov.

An invitation to visit had been extended two years ago by Mr. Todorov's precedessor in office, but circumstances had precluded a visit at that time. Mr. Todorov's invitation to visit at this time was therefore welcomed, as it would afford opportunities to initiate closer contacts with Bulgarian legislators and to discuss with them and with members of the government the relations between our two countries and the implementation of the programs of political and economic restructuring that that country is undertaking.

[Translation]

Bulgaria has been a member of the United Nations since 1955 and participates in some of its specialized agencies. It is also a member of the Warsaw Pact and the Council for Mutual Economic Assistance. In 1966, Canada and Bulgaria established diplomatic relations and although these relations have been limited for political and geographical reasons, our two countries consult each other regularly. Official visits have been few but honourable senators no doubt remember that a Canadian parliamentary delegation went to Sofia in September 1988 for the interparliamentary conference.

The visit included two days of meetings in the capital, Sofia, and a one-day bus trip to Plovdiv, where an internationally famous trade fair in which some Canadian companies participate is held.

[English]

Our hosts, President and Mrs. Todorov, welcomed us very warmly on our arrival on the afternoon of June 12, hosted a luncheon in our honour on June 13, and made themselves available to meet with us on other occasions. In addition, we were welcomed and accompanied during parts of the program by Mr. Petar Vutov, President of the Inter-Parliamentary Group of the National Assembly, and Mrs. Vutov, to both of whom we are grateful for enlarging our understanding of issues affecting Bulgaria's political, social and cultural life. We were assisted throughout the program by the Canadian Ambassador accredited to Bulgaria, Mr. Terence C. Bacon, the resident ambassador in Belgrade, and by members of his staff, Mr. Charles Larabie and Mr. Philip Hahn. We very much appreciated their advice and help.

A substantial program of high level meetings took place, all of which were marked by exchanges that were both frank and cordial, very much in the spirit of the new East-West détente and the movements towards economic and political liberalization which Canadians have been encouraged to note in the Soviet Union and parts of eastern Europe. There was ample opportunity to discuss and promote Canadian interests in

Bulgaria, such as trade opportunities and cooperative ventures, family reunification, human rights, and East-West dialogue.

On the morning of June 13 President Todorov received me at his office in the National Assembly Building for an hour-long meeting. President Todorov, in speaking of parliamentary reform, indicated that the number of deputies would likely be reduced from 408 to 250, and that the assembly would remain unicameral. The assembly has three short sittings per year, by legislation, the substantive work of government being carried out by permanent commissions.

He asserted that the judiciary was supreme to Parliament for matters other than constitutional ones, for which a new Constitutional Court is to be established as part of the reform process. From a discussion of the role and influence of the two parties in the National Assembly, it appeared from my conversations with them that the Bulgarian Agrarian National Party, with only 120,000 members in the country, was far from the point at which it could seriously challenge the 800,000 strong Bulgarian Communist Party. Of course, we have seen from subsequent events that that was not the case.

President Todorov explained that administrative reforms had drastically reduced the number of government departments, and those remaining had been vested with increased responsibility. Turning to the economic restructuring, he referred to the importance to Bulgaria of foreign trade and its urgent need to progress to greater industrial development.

He spoke of the measures being implemented to move away from total state ownership and towards cooperatives, joint ventures, private and mixed ownership as factors in deepening its relations with its trading partners. The Bulgarian government would, in future, concentrate on strategic planning, and not on the operation of commercial enterprises. President Todorov, responding to my expression of Canada's appreciation of the fashion in which family reunification matters between our two countries had been settled, pointed out that the assembly had adopted four new laws to meet the requirements of the Vienna Accord (1989 CSCE) and these were now in effect.

He also referred to the importance of the Conference on Protection of the Environment to be held in Sofia in October 1989, convened by the participating states of the CSCE.

[*Translation*]

On June 13 I was a guest of Foreign Affairs Minister Peter Mladenov who has since become secretary general of the Communist Party and head of state. Referring to the question of the Conference on Security and Co-operation in Europe, he expressed satisfaction about the over-all improvement in East-West relations and the progress made in the Vienna talks on traditional disarmament. He stated that Bulgaria is anxious to entertain close and harmonious relations with Canada in all spheres of activities.

In the following exchange, the minister voiced his regret over the fact that Canada had intervened at the Paris CSCE Conference on human aspects and criticized Bulgaria concerning the exodus of residents of Turkish origin. On that subject he pointed out that Bulgaria has adopted the necessary legislative measures to live up to her CSCE commitments whereby citizens are free to leave and return to Bulgaria if they wish. He denied the existence of any program to force the assimilation of people of Turkish origin.

My response was that Canada also denounces all cases of human rights violations wherever they occur and that the Canadian Secretary of State for External Affairs Paris intervention was indeed an impartial and constructive criticism, to the extent that we had considered that Bulgaria did not honour her human rights commitments.

Despite his strong sentiments—this was at the time when the exodus from Bulgaria was gaining momentum and increasingly became the focus or world attention—the minister indicated at the end of our conversation that he was looking forward to the impending trade talks with Canada and that he hoped our country would send a strong delegation to Sofia's CSCE conference on the environment in October.

[*English*]

At my meeting with Mr. Zhivkov, President of the State Council and Head of State, the President elaborated on the same points regarding Bulgaria's compliance with its CSCE commitments, which Ambassador Bacon and I indicated would be fully reported to our government, as would his invitation to Canada to seek more information on the situation in Bulgaria. The President referred to Bulgaria's program of economic change, which he characterized as "radical" in that it would embrace, at least at lower levels of the economy, some capitalist practices. He commented that there was room for much improvement in the commercial relations between Canada and Bulgaria. He asked us to convey his greetings to the leaders and people of Canada.

I was also received for an exchange of views by Mr. Andrey Lukanov, the Minister of Foreign Economic Relations, who, by the way, is rumoured to be the next premier and who is very closely implicated in the economic reforms taking place. He reviewed the reforms being undertaken to change the Bulgarian economy and create a favourable climate for investment. Mr. Lukanov characterized the reforms as constituting a striking transformation for Bulgarians; the new laws bring forward a totally new notion of property ownership. Decree 56, a decree on economic activity which came into effect on January 1, 1989, initiates a new and difficult process of redistribution of economic functions, especially as regards day-to-day interventions in the market. He confirmed that the government would concentrate on strategic planning and the management of foreign economic relations, and he appealed for understanding in the transition period during which managers would have to learn how to handle full responsibility for financial operations. In referring to Bulgaria's wish to accede to the GATT, he expressed appreciation for Canada's efforts in establishing the working party to review Bulgarian accession, and said he envisioned Bulgaria as a new partner for Canada in the multilateral as well as the bilateral sphere.

Mr. Lukanov commented very favourably on our bilateral relations. There was, of course, a need to develop more knowledge by businessmen on both sides and more aggressiveness by Bulgarian firms seeking to enter the Canadian market. The Free Trade Agreement could be helpful to Bulgarian firms in pursuing the U.S. market, just as Canada should view Bulgaria as a door to the U.S.S.R. and the Middle East, where Bulgarian connections are well established. Partial lev convertibility was one option being considered to entice more foreign investment to Bulgaria. He pointed out that Canadians and other foreigners were free to manage any new joint ventures, even those in which they held less than 50 per cent controlling interest.

• (1710)

In concluding, Mr. Lukanov raised what was a recurrent theme during all meetings, the desirability of Canada's opening an embassy, or at least a commercial office, in Bulgaria.

A number of meetings with state enterprises were organized as part of the program, at our request. We met with the general director and representatives of the Cellulose and Paper Economic Association, which, with Chimcomplect EA, was considering Canadian firms for the construction of a pulp bleaching mill in Silistra. I was subsequently advised by the Bulgarian embassy in Ottawa that a decision had been made to negotiate with Canada. We are talking here of a project worth $300 million. A second meeting was held with the representaitves of Rodopa, the enterprise responsible for the production, processing and marketing of meat and meat products, which has since concluded a contract of $30 million with Knud Simonsen Industries of Rexdale, Ontario, for a complete meat packing plant—the single largest Canadian project in Bulgaria. A meeting with the representatives of Technika Foreign Trade Organization, specializing in the transfer of technology, provided an interesting overview of the functions and objectives of that organization and allowed a general exploration of the potential for joint ventures, licensing agreements and other development and marketing ventures.

All these meetings were marked by a great openness and a desire to benefit from the economic reforms to improve quality, productivity and marketing techniques, through western help and experience where possible, and to increase the number and substance of the commercial relations between our two countries, both in trade and in investment.

[*Translation*]

In the area of fruit growing technology, we made a most interesting visit to the Plovdiv Fruit Growing Institute Virology Laboratory where we were shown fairly simple but effective methods to develop virus-free sprouts for multiplication. The fruit and vegetables in Bulgaria are not only extremely delicious, but represent a major export product, just as flowers which are cultivated in large quantities.

I should emphasize that every time the matter of industrial development came up the need for environmental protection was mentioned. Since then, at his request, Minister Lukanov was sent the relevant literature concerning the Canadian statutes and regulations in that area.

In Plovdiv, which is a very old city, we were invited for dinner by the mayor and his wife and we made a tour of the old city which features an old Roman amphitheatre and a network a narrow streets lined with houses dating back to the national renaissance in the 19th century.

Then we visited the Bachkovo monastery, among the major and oldest in Bulgaria, which had been for a long time a place of pilgrimage. Some 10 monks are living there and, as their abbot explained, the monastery continues to prosper because they cultivate the surrounding lands.

Tò conclude, I should like to say just how much impressed I was by the warm welcome we received and by the clear desire, frequently expressed by the leaders and chargés d'affaires, to take advantage of the new climate of East-West relations to strengthen and enhance the ties between our two countries. Without being quite as extensive as those in Hungary, the political changes in Bulgaria already represent progress and the situation will no doubt improve. We took this opportunity to emphasize Canada's position on human rights. It is likely that our country will remain vigilant in this area.

Economic reforms are undoubtedly a top priority and a most serious issue for Bulgarian leaders, faced with problems they must tackle before their country can enter a new era, after the experience of the past 45 years.

[*English*]

Honourable senators will be aware that there have been major leadership changes in Bulgaria over the past few weeks. Mr. Todor Zhivkov has been replaced by Mr. Peter Mladenov as both Secretary General of the party and Head of State. Mr. Andrey Lukanov has been promoted to full membership in the Politburo.

These are hopeful signs both for the reform movement in Bulgaria and for our own relations with that country.

[*Translation*]

The Hon. the Acting Speaker: Honourable Senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

HUNGARY

OFFICIAL VISIT OF SPEAKER OF THE SENATE

Hon. Guy Charbonneau, Speaker of the Senate, rose pursuant to notice of December 13, 1989:

> That he will call the attention of the Senate to his official visit to Hungary from 16th to 19th June, 1989.

He said: Honorable senators, I am pleased to call your attention to the visit my wife and I made to Hungary from June 16 to June 19, 1989 at the invitation of Hungary's National Assembly President Mátyás Szurõs.

We arrived in Hungary after our visit to the People's Democratic Republic of Bulgaria.

Our slate of activities in Budapest included meetings with the Republic President, His Excellency Bruno Straub, our host Mr. Szurõs, Deputy Prime Minister Peter Medgyssey, Trade Minister Tamas Beck, and representatives of "parallel" groups, that is future opposition parties. I also met with President Somogyi of the committee preparing the 1995 Vienna-Budapest Universal Exposition.

National Assembly Deputy Speaker Maria Jakab was kind enough to hold a luncheon in our honour in the Parliament building and to accompany us during part of our visit. We were grateful for the extremely competent assistance given to us by Canada's ambassador in Hungary, Mr. Derek Fraser. We are very grateful for his assistance and advice as well as for being the guests at a most enjoyable dinner hosted by Mr. and Mrs. Fraser at the residence of the Canadian ambassador.

During our visit we could not help noticing the deep changes now taking place in Hungary under the impulsion of the economic and political reform movement, changes which Hungary was one of the first East Bloc countries to undertake.

[*English*]

The key elements of the reform process are political pluralism, economic liberalization, and increased national identity. While Hungary sees itself as being in the vanguard of Perestroika, the governing party, the Hungarian Socialist Party—formerly the Hungarian Socialist Workers Party—has a problem of political legitimacy and of alienation by the population. Contributing to its problems are a deteriorating economic situation and the necessity to deal with popular discontent over declining living standards and high inflation.

Hungarian foreign policy is directed towards responding better to specifically Hungarian interests, in contrast to the principle of "bloc solidarity", towards promoting better East-West relations; and towards laying the groundwork for closer economic relations with the West.

President Szuros, in response to my emphasizing that Canada was following the process of reform in Hungary with sympathy and interest, underlined that the transformation of a socialist dictatorship into a democracy was not only a unique event but involved considerable risks. Hungary needed the support of the West. It sought investment, not aid. It sought an end to discrimination in the form of trade and tariff barriers.

The urgent necessity of western investment in Hungary, as being essential to the restructuring of its economy, was underlined in the strongest terms by Mr. Beck, the Minister of Trade. Hungary was looking for investments in capital and light industry, the chemical industry and the food industry. So far, he said, Hungary had been disappointed with the level of western investment. Mr. Beck also called for an end to "unfair discrimination" in tariff matters, and for understanding on the part of the IMF in the negotiations on rescheduling the payment of Hungary's debt. He stated that investments for restructuring the economy would help to modify the disastrous debt service ratio being borne by Hungary. Hungary's convertible currency earnings, out of which it had to service its debt, were presently very limited.

In my meeting with Deputy Prime Minister Medgyessy, he provided me with further details on the government's political and economic reform policies. He emphasized that it was the intention of the government to achieve a political democracy, with many parties and the rule of law, together with a market economy with public and private companies and cooperatives. Hungary would hope to negotiate membership in the EFTA and to achieve an opening with the European Community.

He stated that the reforms of the economy inevitably created tensions and problems—for this reason it was important that elections to a reformed Parliament be held as soon as possible. This would help Hungary in its negotiations with the IMF too.

During my meeting with President Straub, he too referred both to the possibility that elections might be held as early as November 1989 and to the negative effect that a postponement of elections might have. He hoped that, after the elections and formation of the new government, it would be possible to restore the confidence of the population in the government as a whole and to proceed with the economic changes. He called for Canadian support for the changes taking place in Hungary.

• (1720)

[*Translation*]

At every opportunity, I assured my hosts that Canadians are following current developments which they find very comforting and that we think the new directions are promising, despite a difficult start, and guarantee a better future for the Hungarian people. I also suggested that we understand Hungary turning to Canada and other western countries as a source of foreign investment and as potential partners in joint ventures.

I pointed out that, in fact, the volume of private Canadian investments is on the rise and that a growing number of Canadian companies are thinking of investing in Hungary. The pursuit of democratic reforms and the election of a new Parliament will certainly attract Canadian investors.

During my visit to Budapest I met with the chairman of the 1995 Vienna-Budapest Universal Exhibition Committee who outlined the plans for this event in which a Canadian group is anxious to participate in a joint venture with Hungarians.

Every discussion held during my stay was quite frank and we had plenty of opportunities to deal with issues such as the potential effect of economic reforms on employment and inflation, the need to bring market forces into play in order to reduce government intervention and cut red tape for potential investors. Hungarians recognize that economic restructuring must go hand in hand with political reforms, otherwise it would only add to the tensions and lead to an impasse.

[*English*]

A meeting with representatives of three of the alternative groups participating in the round table discussions regarding the role to be played by such opposition groups in the parliament was very informative. The groups represented were in the Independent Smallholders Party, the Popular Christian-Democratic Party, and the Democratic League of Independent Unions, which was present at the round table in observer

capacity. There were exchanges on how the opposition parties would be funded, whether they were likely to unite in presenting candidates, what the leanings within each group were, what date these parties would like to see set for the elections, and how substantial the platforms and programs of each of these parties were.

The alternative groups' answers to these questions were, in some cases, rather tentative, because, as Dr. Szurõs, President of the Assembly, pointed out during my meeting with him, the most important task for the National Assembly then was to enact the reforming legislation. He estimated that between 20 and 30 new laws had to be enacted, including amendments to certain laws. The assembly had already approved the first draft of the new Constitution. Also, the negotiations with the alternative parties had only just started prior to my meeting with Dr. Szurõs, so it was premature to try to pronounce on how exactly the new system would work. Dr. Szurõs estimated that agreement between the parties might be reached by mid-summer. In fact, agreement was reached in September. He hoped that Hungary's passage to democracy would take place in an atmosphere of calm. I assure him that Canadian parliamentarians and Canadians in general shared that hope and wished Hungary well in that historic endeavour.

[*Translation*]

The Hon. the Acting Speaker: Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

SPECIAL COMMITTEE ON BILL C-21

MOTION RE DEADLINE FOR PRESENTATION OF REPORT WITHOUT AMENDMENT NEGATIVED

Hon. Jacques Flynn, pursuant to a notice given earlier this day, moved:

> That the Senate convey to the Special Committee to which Bill C-21 has been referred, the following message: (a) to report Bill C-21 without amendment no later than January 4, 1990; and (b) to pursue, if it so desires, its study of the subject-matter of the said Bill and to report its observations and recommendations to the Senate in due course.

He said: Honourable Senators, I seek the Senate's leave to immediately move the motion of which I gave notice earlier today. If explanations are required, I can give them now.

The reason I asked the Senate to consider this motion is that Bill S-12 which the Senate adopted yesterday was defeated this afternoon on first reading is the House of Commons.

One has a right to one's own opinion, but under the circumstances, my motion becomes an alternative.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable Senators, we may dispose of it today.

Senator Flynn: As you wish.

The Hon. the Speaker: Honourable Senators, Honourable Senator Flynn, seconded by Honourable Senator Doody, moved:

[Senator Charbonneau.]

> That the Senate convey to the Special Committee to which Bill C-21 has been referred, the following message: (a) to report Bill C-21 without amendment no later than January 4, 1990; and (b) to pursue, if it so desires, its study of the subject-matter of the said Bill and to report its observations and recommendations to the Senate in due course.

Is it your pleasure, Honourable Senators, to adopt the motion?

Senator Flynn: Honourable Senators, it will not be necessary to detain you much longer, for the subject matter of this motion was implicitely debated yesterday, if not explicitely, when we dealt with Bill S-12 which as I said, met an insurmountable obstacle when it reached the House of Commons.

The government leader in the House of Commons objected to first reading of this bill because it was out of order. A division was held on first reading of the motion and the bill was defeated by 131 votes to 87. In short, the members on the government side opposed the bill on first reading and the members on the opposition side, including the NDP, voted in favour.

Under the circumstances, the remedies which according to Senator MacEachen were in this bill, supposing they existed, could not be applied.

If Bill C-21 is not passed before January 6, as he explained yesterday, a number of benefits provided under this legislation will not be available to claimants, which will have adverse consequences for quite a few people.

If Bill C-21 could be amended by the committee, we could always say: The committee can take as long as it needs to improve the bill. However, the committee cannot make any changes of a financial nature, such as increasing benefits. I think everyone realizes that.

Senator MacEachen said as much yesterday when he tabled Bill S-12. He said that, normally, the House of Commons had to agree to validate, as it were, his proposal by obtaining a recommendation from the Governor General, the royal recommendation. Furthermore, the bill had to be completed by the passage of the section printed in italics in Bill S-12.

Considering that the special committee is constitutionally powerless, I think that the best thing for the committee to do is to report this bill, without amendments, and in time for Royal Assent, before January 6. That is why I said in my proposal that the committee should report on Bill C-21 by January 4 at the latest. Of course we have no objection to an earlier date, and tomorrow would be just fine. My point is that tabling the report by January 4 would mean that the bill could receive Royal Assent on that date. It could also become effective immediately, the same day, in time for January 6, which technically is the date on which the provisions mentioned by Senator MacEachen yesterday could be in effect.

The special committee has now prepared a program for hearing witnesses. We are not going to tell the committee to stop hearing these witnesses and to stop considering the bill, because there is no objection to the committee making com-

ments and recommendations. And that is in fact the only thing the committee will be able to do if it postpones reporting the bill until the end of January or in any case after January 6, 1990.

Anyone, any group that has any complaints or grievances to air will be able to do so before the committee. The committee will be able to say what it thinks of these complaints and grievances. It can say that it thinks the government should amend the bill to improve certain benefits. The committee can say that, but it can do no more. And it could do so without causing the inconvenience of not having the bill passed by January 6, and I am referring to the fact that the benefits provided under the bill would not be available to those expecting to receive them as of that date.

From the practical point of view, I think there can be no harm in adopting this resolution. If the Senate refuses, and that is indeed a possibility, the public or claimants will suffer, while if this bill is reported without amendments within the time frame specified in the motion, we will achieve what Senator McEachen was trying to achieve, and more, when he tabled Bill S-12 yesterday.

• (1730)

[*English*]

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I am really not surprised at the insensitivity which has once again been demonstrated by the Conservative Party as it approaches the question of the unemployed in Canada. Today, in the House of Commons, the Conservative majority showed its callous disregard for the unemployed by refusing to accept a solution to the situation which had been employed by the same government all these past years. It can take the responsibility for its own actions in the days and months ahead, as we will on this side take responsibility for ours.

The Conservative government, in refusing to maintain the unemployment insurance entrance requirements at the ten-week level for economically-depressed regions of the country, will penalize the unemployed of Canada.

Let the record show that the Prime Minister and his government had a choice between maintaining the current level of support for the unemployed and adopting a confrontational stand with the Senate of Canada. Mr. Mulroney and his followers chose to let the unemployed fend for themselves.

Yesterday the Senate passed Bill S-12, a piece of legislation designed to ensure that the variable entrance requirements for unemployment insurance now in force are maintained beyond January 6, 1990. The Senate legislation, Bill S-12, now defeated by the Conservatives in the House of Commons, would have ensured that workers losing their jobs in the current economic downturn would still be eligible for existing unemployment insurance benefits.

After January 6, 1990, people will no longer be able to qualify under the uniform 14-week entrance requirement. Under Bill S-12, protection would have been guaranteed until such time as the Senate had had a chance to complete its work on Bill C-21.

Honourable senators, the Special Committee of the Senate on Bill C-21 is now studying this complex piece of legislation. It is a piece of legislation under which the government itself abdicates its responsbilities to the unemployed by totally withdrawing the financial support which the treasury had hitherto maintained for the unemployment insurance system of Canada. The withdrawal of that financial support is seen by many Canadians as a further effort by the Government of Canada to harmonize its programs with those of the United States.

Some Hon. Senators: Shame!

Senator MacEachen: Believe you me, when Senator Stewart quoted the Minister of Employment yesterday, there was a clear indication that this bill is part of the Conservative agenda, and fits very neatly and easily within the free trade concept.

Senator Perrault: Precisely.

Senator MacEachen: It is about time that these relationships were analyzed and studied in a committee of Parliament. They certainly were not studied in the House of Commons committee.

We now have a proposal embodied in this resolution that Bill C-21 be aborted—that it be torn out from the committee before the committee has had a chance to study it; that it be passed; and then that the committee be allowed to continue its work and make inane and future advisory recommendations, which seems to be the only role that Conservatives can see for the Senate of Canada.

The Conservative Party is out of touch with this country. Its insensitivity with respect to the unemployment insurance bill is appalling. Its insensitivity increases as its popularity declines.

Senator Perrault: Plummets.

• (1740)

Senator MacEachen: Today we are asked to pass a resolution which will terminate the effective role of the committee and end the debate—and then we can all go to sleep and leave the unemployed, who are so badly damaged by this bill, to their own devices. Well, that is not what others in the country are saying.

I do not know what Senator Flynn or his colleagues across the way would do with this batch of letters which I received just on Monday. What answer will we give to them?

Senator Guay: They don't want to give them any answer!

Senator MacEachen: These are citizens of Canada who are asking to be heard and who want to have an impact on the bill. They do not want to participate in an academic exercise. They do not want to participate in a sodality meeting.

Senator Guay: That is right.

Senator MacEachen: They want to have analyzed the impact of this bill on their welfare and on their communities

and to have the Senate take remedial action where it is possible. I am not convinced that it is impossible to make changes to the bill that will improve it—not convinced at all. Other Canadians are not convinced either.

I was impressed with the statement issued by the Canadian Conference of Catholic Bishops on December 12. The following statement was issued by Bishop Valois, the chairman of the Episcopal Commission for Social Affairs:

> The withdrawal of Federal Government financing from the U.I. program, coupled with the new entrance restrictions, penalty clauses and related measures, will have a serious impact on the dignity and lives of hundreds of thousands of working people and their families.

Well, is anybody on the other side interested in finding out and examing whether that statement is true or not?

Senator Guay: No!

Senator MacEachen: Are they not interested in finding out whether the passage of Bill C-21 will have a serious impact on the dignity and lives of hundreds of thousands of working people and their families? We are asked in this resolution to dispose of Bill C-21 without finding out. The statement goes on to say:

> In view of the fact that many groups and individuals were denied an opportunity to appear before the House of Commons Legislative Committee on Bill C-21, and because of the central role of the Unemployment Insurance Program in our system of social programs, we therefore ask that the Senate exercise its responsibilities for "sober second thought" by conducting public hearings across the country. Particular efforts should be made to hear from the people most directly affected by these cuts and to propose amendments aimed at overcoming the negative impacts of the legislation.

Some Hon. Senators: Hear, hear!

Senator MacEachen: Now, this proposal dismisses that request. It would dismiss the request from the Canadian Labour Congress, which, through its president, has asked the Canadian Senate to discharge its responsibilities, to act as a chamber of second thought, and to undertake its own assessment of the impact of the changes in the Unemployment Insurance Bill. It may be undesirable at this hour of the day, honourable senators, to go into great detail about the impact, but it is not at all clear what the impact of this bill is on the poor, the unemployed, and the working families of Canada. It is not at all clear.

I laid on the record yesterday the differing analyses of the province of Newfoundland and the Commission of Employment and Immigration in Canada. There is a serious discrepancy between the analysis of the impact of the Government of Newfoundland and the Government of Canada.

In the interests of brevity, I will deal with only one aspect of the argument, and that is the area of impact. What is the impact? The federal government, in its document, "Success in the Works", presents some estimates of the impact of these new measures based on a detailed simulation of the operation of the unemployment insurance program that takes into account numerous factors; these estimates are presented in many tables.

For example, in Table 13 on page 25, it is revealed that the age group hardest hit by Bill C-21 is the 25- to 34-year old age group.

Senator Guay: Shame!

Senator MacEachen: They will be absorbing a $450 million reduction in benefits, or 37.5 per cent of the reduction pie.

Senator Perrault: Happy Christmas, unemployed!

Senator MacEachen: Table 15 at page 27 shows that 530,000 unemployed Canadians will be affected by a combination of benefit reductions and increased eligibility requirements. They will be affected by these two measures to the amount of $800 million.

Senator Guay: Oh, my God!

Senator MacEachen: Now, the government calls this a saving to the treasury, but it clearly is a loss of income to the 530,000 Canadians.

The Hon. the Speaker: Excuse me, honourable senators, according to rule 12, it says:

> If, at 6 o'clock in the afternoon, the business be not concluded, the Speaker or the chairman of the committee leaves the chair until 8 o'clock.

And so on, unless you wish to ignore the clock.

Some Hon. Senators: Ignore the clock.

The Hon. the Speaker: Please continue, Senator MacEachen.

Senator MacEachen: Honourable senators, the firm, Global Economics, was commissioned by the Liberal Party and the Canadian Labour Congress to examine the proposed changes.

Now, the conclusions of that study differ significantly from the government's study. Whereas the government predicts that the gross decrease in unemployment insurance benefits will amount to $1.2 billion in 1990, this study forecasts a drop of $1.52 billion. The study also found that the combination of measures to make more stringent entrance requirements and the reduction of benefits will affect 775,000 Canadians, in comparison with the government's estimate of 530,000. I do not know what the answer is, but, surely, we ought to know whether it is 775,000 or 530,000 before we pass this bill. Should we not know that?

Senator Cools: Absolutely!

Some Hon. Senators: Yes.

Senator MacEachen: The average loss to all these Canadians is about $1,486, and the most pronounced loss is to individuals in Newfoundland, each of whom will lose about $2,500.

Some Hon. Senators: Shame, shame!

Senator MacEachen: Individuals in Prince Edward Island will lose $2,300.

Senator Perrault: Defend that one!

Senator MacEachen: Of course, the Atlantic region and Quebec are the hardest hit.

Senator Guay: Senator Flynn does not know that.

Senator MacEachen: I am simply asking, should we not know? Furthermore, the Canadian Centre for Policy Alternatives also produced a study, with the help of Tristat Resources Limited, the consulting firm responsible for the statistical and analytical work of the Forget Commission, which yielded results much closer to those of the Liberal Party and the CLC than to the study undertaken by the government through its commission. This particular study concluded that the gross cut in unemployment insurance benefits will amount to $1.8 billion, as opposed to the $1.2 billion predicted by the government. Would it not be a good idea for the Senate to find out whether it is $1.2 billion or $1.8 billion, because every dollar of UI benefits affects an unemployed Canadian. Have we become so casual in our attitude toward the unemployed that we no longer care whether they are hammered by $1.2 billion or $1.8 billion in loss of income? So I submit that the proposal before us is irresponsible in the extreme—

• (1750)

Senator Stollery: Absolutely.

Senator MacEachen: It would be irresponsible to pass the bill without knowing the impact.

Senator Guay: They do not know any better.

Senator MacEachen: It is not as if these studies were the only source of information on the impact. We had testimony, as I referred to yesterday, from several provincial governments. The Province of Newfoundland, the Province of Prince Edward Island and the Province of Nova Scotia all said that the impact will be devastating. The minister from Newfoundland said that the impact combined with the fisheries crisis is the most devastating event in the history of Newfoundland.

Senator Perrault: How can they pass it?

Senator MacEachen: Should we not look at that to find out whether or not it is a fact? Then came the representative from Prince Edward Island, which is hardest hit of all. That province will lose $12 million as a result of the change in the variable entrance requirements. Should we not be looking at that to see if there is some way in which we can reduce the burden on Prince Edward Island, which loses $12 million on that one change when the national loss to the unemployed is $130 million? Prince Edward Island will therefore be asked to take up about 10 per cent of the burden. Is there a way that that could be modified so that the smallest province is not the hardest hit? I find it necessary to argue that the Senate has a moral obligation to examine this bill and, where possible, to present amendments to the bill for consideration by the Senate.

Some Hon. Senators: Hear, hear!

Senator MacEachen: I must say that I find the attitude of my colleagues opposite almost as if they are living in a fairy land, in a land of make-believe, as if they do not know what is happening in Canada.

Senator Guay: They don't!

Senator MacEachen: They don't know what is happening in the Atlantic provinces.

Senator Perrault: And they don't care!

Senator MacEachen: Does anyone across the way know what is happening in Atlantic Canada?

Senator Haidasz: Speak up!

Senator MacEachen: There was an article in the *Globe and Mail* on December 12 entitled "Tough times down East continue to get tougher", and I demonstrated yesterday that the unemployment rates in three of the four Atlantic provinces are higher than ever. I believe Prince Edward Island has a higher September and October unemployment rate now than it had at the height of the worldwide recession. In this most serious period of unemployment we are bringing in a bill that will have a very adverse effect on that part of Canada that is most adversely affected by unemployment.

Senator Perrault: Unbelievable!

Senator MacEachen: The article entitled "Tough times down East continue to get tougher" says:

> The devastation of the offshore fishery comes at a hard time for Newfoundland. Hibernia has been delayed, a proposal to develop Labrador hydro-electric power has come unglued, and more stringent changes to unemployment insurance take effect in January.

We are expected to pass the bill without examining the questions that I am raising.

Then the article turns to Summerside, Prince Edward Island.

> In Summerside, PEI, where Ottawa is closing the area's major employer, the 1300-member Canadian Forces base, the townfolk are literally worried sick, some local doctors are saying.

Yesterday Senator Phillips did not seem to be in phase—

Senator Guay: He does not know about it.

Senator MacEachen: —with the worry of the people of Summerside.

> One said recently that he is seeing more patients suffering from depression, headaches and insomnia than ever. Summerside residents have petitioned their government to import mental-health specialists from Alberta—the great roulette player of the resource provinces—to help people deal with the uncertainty in their future.

We know that fish-plant closings are in the offing in Canso. Lockeport has already had its hammering. St John's, North Sydney and all of these towns have had fish-plant closings that will add to the unemployment I have described, and at the same time we are bringing in the most draconian amendments to our unemployment insurance system ever. We are withdrawing government support for that system.

Senator Frith: Dismantling it is what they are doing.

Senator MacEachen: We are basically altering a fundamental element of the Canadian social contract—and we are asked to pass it and then, after we pass it, to study it.

Senator Perrault: Unbelievable!

Senator MacEachen: I find that unacceptable. We will continue to study and to do our work as quickly as possible, but we are also going to do everything possible to ensure that the Canadian people understand what is happening regarding the implications of this bill and to ensure that the extra burdens that will be placed on the unemployed will be on the conscience of the Canadian people. They are not going to escape through ignorance, and they should not be allowed to escape through ignorance, much as that seems to be the strategy. Why should we not examine in some detail whether the removal of government support is not a prelude to a further erosion of the unemployment insurance system?

I had a letter from an important citizen in Nova Scotia, who said that the government is withdrawing its support. It ceases then to become a social insurance system, because society, as a whole, is not participating in the program any longer. It is financed solely by employers and employees. That is the American system.

When I was a graduate student at the University of Chicago, I learned the differences between the Canadian system and the American system. They have experience-rating there, wherein the better your employment performance the less you pay in premiums. Will that mean that we will have a system of experience-rating advocated in Canada under which employers will leave areas of high unemployment to settle in the strong economic areas in order to have a better experience-rating? I fear that as a possibility, and I think it ought to be examined.

Honourable senators, I do not think I can support this motion. I hope the committee will do its work and examine the implications as carefully as possible and return to the Senate as quickly as possible. If it has proposals to make to us, we ought to consider them and carry on from there. In the meantime, the Senate will have to take responsibility for its conduct. We are not attempting to shirk our responsibility. The Canadian people will see on television today—it will be on the screen all night—that the Conservative Party in the House of Commons denied benefits to the unemployed Canadians who will be coming on stream in January, benefits to which they ought to be entitled—not the Senate, but the Conservatives on the other side.

Some Hon. Senators: Hear, hear!

● (1800)

Senator Flynn: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if Senator Flynn speaks now, his speech will have the effect of closing the debate on the motion.

[*Translation*]

Senator Flynn: Honourable senators, I just want to say a few words.

[Senator MacEachen.]

I believe it is unfortunate that Senator MacEachen could not appear on television to deliver his speech tonight because he was in top form and he appealed to every possible sentiment.

I would not say his arguments had a demagogic slant, but it was close enough. It was quite impressive. He did manage to impress some of the senators sitting around him, but I would say he did not impress me—

Hon. Joseph-Philippe Guay: That is understandable.

Senator Flynn: —because, for one thing, the bill has been in the Senate for over a month. Some of its provisions have been considered and Senator MacEachen quoted various opinions. Surely the Senate could have formed an opinion.

Second, Senator MacEachen has failed to show how the Senate could amend the financial clauses of this bill.

Senator Guay: The committee will do its work.

Senator Flynn: Even less than the Senate.

Dear Senator Guay, if the Senate cannot do something a committee is even less capable of doing it.

You should understand that, you have been here long enough not to utter such stupidities.

Senator Guay: You are not saying anything, only stupidities.

Senator Flynn: You make a lot of noise but not much sense.

[*English*]

Hon. H.A. Olson: You study the bill first.

Senator Flynn: Yes, you study it—I am sure you know it by heart. You usually know everything about everything. This is the first time I have seen you pleading ignorance.

[*Translation*]

I do not want to extend the debate. First I just want to point out that Senator MacEachen has not shown us how the Senate or the special committee could amend the provisions of this bill which have a financial impact.

Secondly, when he says that, by agreeing to this motion, we would prevent people from stating their views, it is not true at all since it gives the committee the authority to continue to hear witnesses, their grievances and their complaints. The committee will be allowed to table a report.

Senator Guay: After the bill has been passed.

Senator Flynn: That is all the committee can do in any case. Anything else is just an emotional and unreasonable plea under the circumstances, with a view to playing politics at this stage.

I find it extremely unfortunate that the majority on the other side of this chamber has not taken this opportunity to find a solution to the problems faced by people who expect some benefits from Bill C-21.

[*English*]

The Hon. the Speaker: Honourable senators, it was moved by Senator Flynn, P.C., seconded by Senator Roblin, P.C.:

That the Senate convey to the Special Committee to which Bill C-21 has been referred, the following message:

(a) to report Bill C-21 without amendment no later than January 4, 1990; and

(b) to pursue, if it so desires, its study of the subject-matter of the said Bill and to report its observations and recommendations to the Senate in due course.

Is it your pleasure, honourable senators, to adopt the motion? Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it. I declare the motion lost.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 954*)

STANDING SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

FIFTH REPORT

WEDNESDAY, December 20, 1989

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

FIFTH REPORT

Your Committee, which was authorized to undertake an urgent study, up-dating its special study on Farm Finance of 1987-88, to consider the degree to which existing government policy and programs are responding to the continuing difficulties of Canadian farmers, has, in obedience to its Order of Reference of Thursday, November 9, 1989, proceeded to that inquiry and now presents its final report.

STUDY ON FARM INCOME AND FARM DEBT IN CANADA: THE CURRENT SITUATION

Introduction

In April 1988, when the Committee tabled its report on the financing of the family farm, members concluded that the most visible symptom of the crisis facing Canadian agriculture was the high rate of financial failure in the farm sector.

The Committee made nine recommendations with a view to improving Canadian farm policy and, in particular, to help ensure the long-term survival of family farms. The Committee is pleased to note that most of the issues in its recommendations are discussed in the working paper «Growing Together - A Vision for Canada's Agri-Food Industry.»

Because of the serious crisis that hit Canadian farming during the 1980s, the Committee considers that this is an appropriate time to check the health of the agriculture sector. The Committee met with the principal representatives of the sector to discuss and reassess the financial situation of Canadian agriculture.

Farm income

The various indicators of farm income, namely net cash income, realized net income and total net income, clearly show that agricultural markets are still rocked by unstable prices, both for farm inputs and outputs. Above all, however, an analysis of farm income exposes the regional disparities that characterize the Canadian farm economy.

In 1988, cash receipts from farming operations totalled $22.06 billion, an increase of 4.6% over 1987, whereas expenditures rose at the same rate to total $14.89 billion in 1988. Agriculture Canada predicts that farm cash receipts will reach a record level of $22.7 billion in 1989, which represents a 2.9% increase. A 7.4% increase in crop receipts and a 1% increase in livestock receipts should theoretically offset the anticipated drop in direct payments to producers.

Net cash income, which represents the difference between cash receipts and operating expenses, corresponds to the income available to farmers for repaying farm debt, reinvesting and covering family living expenses. In 1988, net cash income totalled $7.17 billion. However, this is expected to decline by about 5.5% to $6.78 billion in 1989, and a further 25.2% to $5.07 billion in 1990. The decline is caused by rising operating expenses that are expected to increase at a faster rate than receipts. In 1988, Manitoba, Prince Edward Island and Ontario were the only provinces to experience a

drop in net cash income. However, according to forecasts for 1989, the Prairie provinces of Manitoba, Saskatchewan, Alberta are expected to show declines of 13%, 7%, and 12% respectively.

Realized net income, which takes into consideration depreciation expenses, totalled $4.73 billion in 1988. Depreciation charges represent an expense incurred by farmers in the production of agricultural commodities. It is worth noting that in the absence of accrual accounting, depreciation charges can accumulate and may not be visible to a farmer working entirely on a cash basis. The record level marked the end of a period of steady growth in realized net income which began in 1985. However, Agriculture Canada analysts predict that realized net income will drop by 8.4% in 1989 to a level of $4.33 billion. In 1990, realized net income of $2.6 billion is expected. The two hardest-hit provinces, in 1989, will be Manitoba and Alberta, which are expected to experience declines of 21.7% and 20.8% respectively. In nominal terms, Alberta's realized net income will decline from $922 million in 1988 to $730 million in 1989, while in Manitoba the level of realized net income will drop from $364 million to $285 million in 1989. In Saskatchewan, realized net income, which totalled $1.02 billion in 1988, will decline by approximately 11% to $910 million.

The third and final indicator of farm income, namely total net farm income, gives the best assessment of the financial situation of farmers since it takes into account the value of inventory change, which is a major, albeit unstable, source of potential income. It should be noted that during the 1980s, net income levels rose overall, though not steadily. In 1988, total net income was $3.46 billion, representing a drop for the second consecutive year.

Total net income figures also reveal the ability of each province's farm economic structure to adapt to market changes and price variations, illustrating the extent of diversification in a province's agriculture. According to Agriculture Canada, net farm income in Saskatchewan fell from $742.50 million in 1987 to $207.71 million in 1988, a drop of 72%. However, during the same period, total net income in Alberta increased by 53% to $935.52 million.

The volatile nature of total net farm income becomes apparent when we note that Agriculture Canada is forecasting an increase of more than 42% in net farm income in Canada for 1989. The total should be about $4.93 billion. The highest increase in 1989 should be recorded in Saskatchewan where total net income is expected to reach approximately $1.2 billion, an increase of about 485%. Manitoba should be next in line, earning $410 million, that is, an increase of 185%. On the other hand, Alberta's total net income is expected to drop to $819 million in 1989, a drop of 13%.

Agriculture Canada's forecast for 1990 total net income in Canada is $2.8 billion, 43% below the 1989 level. If projections are accurate, total net income in Saskatchewan will be only $177 million, a decease of 86%. Alberta should come in second with a 66% decrease in its total net income, which will drop to $279 million. This pronounced drop in farm income in 1990 can be explained by rising operating expenses, continued low world grain prices, and by a substantial decline in projected program payments.

It is the Committee's impression that the health of the agricultural industry is unevenly distributed across Canada. A marked decline is anticipated in the Prairies, where commodity prices are internationally determined. Moreover, some assistance will be needed to counteract the heavy subsidization by the United States and the European Community, and to maintain viable farms and adequate farm incomes.

Farm debt

For the second consecutive year, outstanding farm debt declined in 1988 to a level of $22.7 billion, from $23.2 billion in 1987. Saskatchewan and Alberta accounted for about 48.9% of Canada's total farm debt in 1988, with outstanding farm debt of $5.52 billion and $5.59 billion respectively.

In its report on the financing of the family farm, the Committee noted that 12.5% of farmers experienced financial problems in 1987. According to Agriculture Canada's most recent findings, this rate dropped to 11.8% in 1988 and to 9.5% in 1989, indicating some improvement on a national scale. In Saskatchewan, however, the rate stood at 16.2% in 1987 and remains relatively stable at 16.5% in 1989.

While 551 farm bankruptcies were recorded in 1984, the number recorded was 325 in 1988. Regional disparities persist, however. In Saskatchewan, the number of farm bankruptcies rose from 48 to 115 during the same period, whereas the opposite occurred in Ontario, with the number falling from 154 in 1984 to 35 in 1988. In Alberta, farm bankruptcies peaked at 93 in 1986, and decreased to 54 in 1988.

The Canadian Bankers' Association also pointed out encouraging signs of an improvement in the financial situation of farmers. Non-accrual farm loans peaked at $747.3 million in July 1987 and fell to $416.4 million in April 1989. Saskatchewan accounted for nearly half of this amount, or $207 million. These loans correspond to arrears of more than 90 days. The losses incurred by the banks on farm loans, which are in fact write-offs, peaked at $144 million in 1986 and dropped to $111 million in 1988.

The Committee did express some concerns about the impact of the rescheduling or writing-off of farm debt. Though most witnesses were unable to say whether the drop in the overall level of farm debt was due to these two measures, they did agree that they had played a major role in reducing the financial stress in the agricultural sector.

The Committee feels that the statistics do not either adequately or accurately reflect the industry's recovery. The situation in the Prairie provinces, especially in Saskatchewan, remains critical, although recovery may be stronger in other parts of Canada. In addition to financial stress, these high debt levels have also led to emotional stress for families. Besides leading to family violence, suicides, and substance abuse problems, this stress may lead to decisions made not on the basis of management information, but rather on the basis of emotion. Obviously, this emotional stress is not captured by the statistics.

The farm credit corporation

In its 1988 report «Financing the Family Farm to the Year 2000,» this Committee recommended that, at that time, the Farm Credit Corporation (FCC) should retain its role as a direct lender. Is this still the preferred role of the Corporation?

In its appearance before the Committee, the Canadian Bankers' Association (CBA) noted that since 1987 the mandate of the FCC has changed. The Corporation has moved toward competing with private sector lenders as a lender for viable farm businesses, rather than remaining as a lender of last resort. In the process, the CBA feels that the Corporation «has abandoned high risk situations...» The CBA suggested that such competition is unfair, since government agencies do not obtain their funds in the marketplace and do not adhere to the same regulations as private sector lenders. The CBA noted that if the FCC maintains its current mandate, then the private sector will likely reduce staff and programs aimed at the agricultural sector. In turn, there would be a detrimental effect on some rural communities as banks removed branches from them.

It is the CBA's position that the FCC should provide programs and services that are complementary to, rather than competitive with, those available in the private sector. It should also be instrumental in the implementation of the government's public policy goals in relation to agriculture. Several suggestions were made by the CBA in this regard. First, the administration of all federal financial assistance programs to the agricultural industry could be coordinated through the FCC. These programs could include loan guarantees, interest rate programs, or assignable risk management programs. Second, the CBA feels that loans which are not commercially acceptable could be referred to the Corporation for the adjudication of guarantees. Further, the FCC could provide farm management advice and educational services, while also undertaking research and development in the area of farm finance, including accounting principles and analysis. Clearly, the CBA feels that the FCC should not be a competitor in the agricultural lending market, but instead should return to its former mandate whereby it essentially served as a lender of last resort.

In its most recent Annual Report, the FCC noted that with the clarification of the Corporation's role, it can no longer be considered a lender of last resort, but must instead operate on a break-even basis in the provision of mortgage credit and complementary financial services. This revised FCC mandate, then, conflicts with that envisioned by the CBA. The Corporation views itself as «an alternative source of competitively priced credit.» Is this the best role for the Corporation?

In some sense, the FCC is duplicating some of the services already available to agricultural producers through private sector lenders. It may be that some individuals view this duplication as being a poor allocation of increasingly scarce government resources.

As well, if the FCC maintains its competitive role, a gap in the farm lending system may appear. Some farmers might not be able to obtain necessary credit because they are regarded as having commercially unviable farm operations. The option for such producers include exit from the agricultural industry.

An argument may also be made that the FCC, in particular, should be a lender of last resort in the difficult times ahead, as the industry adjusts to the challenges posed by the implementation of a new agri-food policy, the implementation of the Canada-United States Trade Agreement and GATT negotiations.

Farm debt review boards

In its 1988 report, this Committee also made recommendations with regard to Farm Debt Review Boards. It suggested that the Farm Debt Review Panels maintain their role as mediators, but that they also make the final determination of eligibility for benefits under the Canadian Rural Transition Program. Is the mediation role for the Farm Debt Review Panels still appropriate? Should a client referred to the Canadian Rural Transition Program by the Panels be given expedited access to benefits under the Program, and indeed should the Panels still have the ability to make the final determination for eligibility?

Over the period 5 August 1986 to 31 October 1989, 7,915 applications, about 75% of the 10,495 received, were completed. Of these, arrangements were identified in 6,095 or about 77% of the cases, and 5,262, or approximately 66%, resulted in signed arrangements. The arrangements identified involved satisfactory exit packages, as well as such other adjustments as the rescheduling of debt, the disposal of some assets, quit claim and lease-backs, and the securing of off-farm employment.

On a regional basis, approximately 40% of the applications received over the 5 August 1986 to 31 October 1989 period originated in Saskatchewan, indicating the great degree of financial distress in that province. Most of these applications were from farmers in financial difficulty; this is different from the situation in Alberta, where about 63% of the applications were from insolvent producers, and in British Columbia, where approximately 59% of the applications were from such producers. In most cases, where applications have been completed, arrangements are subsequently identified. In Manitoba, about 85% of completed applications resulted in identified arrangements. Comparable figures for Alberta and Saskatchewan were 76% and 75%, respectively.

Most Prairie and Ontario applications were from grain farmers. Significant numbers were also received from tobacco farmers in Ontario, potato and dairy farmers in Atlantic Canada, beef farmers in Western Canada and swine farmers in Central Canada.

Farm Debt Review Board officials, in their appearance before the Committee, suggested that there are no hard data on the linkage between Farm Debt Review and Canadian Rural Transition clients. A Canadian Rural Transition Program official, however, indicated to the Committee that clients are referred to the Program from a variety of sources -- the Farm Debt Review Panels, provincial associations, banks, and individuals themselves.

RECOMMENDATIONS:

1) Considering the conflicting views held by the Farm Credit Corporation and the Canadian Bankers' Association with regard to the Corporation's role, the Committee urges the Government to reexamine this Committee's April 1988 recommendation concerning the Corporation's mandate.

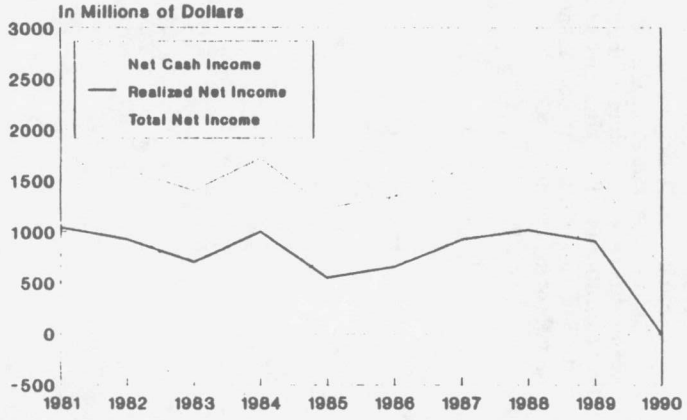
2) Recognizing that the Farm Debt Review Boards and the Canadian Rural Transition Program are working relatively well, the Committee recommends that, prior to renewal of these programs, their mandates be examined to ensure that assistance is being delivered in the best possible manner.

3) Given the severe financial stress still being experienced by some Canadian farmers, especially in the Prairie provinces, the Commitee recommends that a disaster relief program be established. The Committee also recommends that this program should be funded to an amount consistent with recent levels of assistance.

Respectfully submitted,

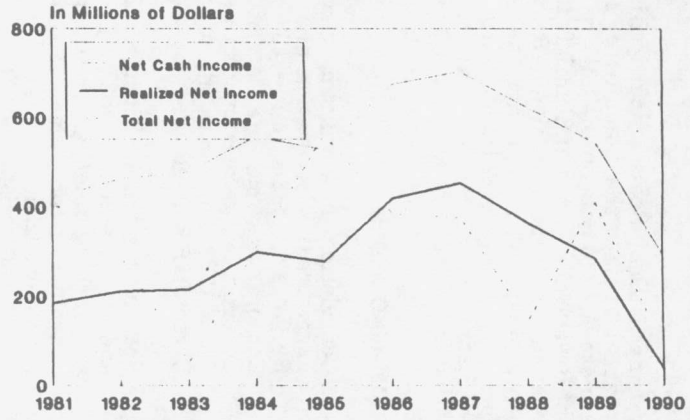
E.W. BAROOTES
Chairman

NET CASH, NET REALIZED AND NET TOTAL INCOMES, 1981-1990 SASKATCHEWAN



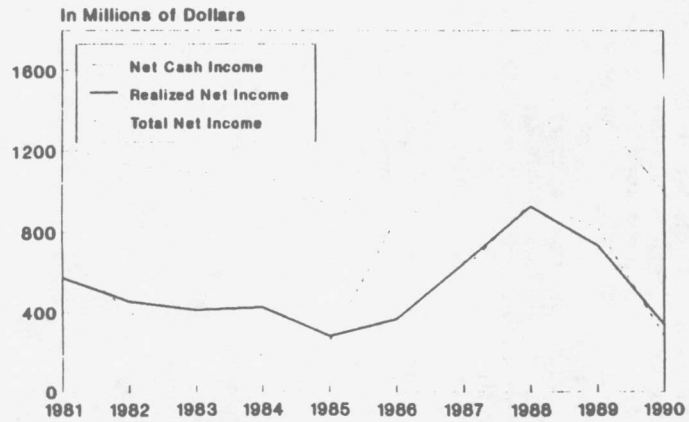
Data for 1989 and 1990 are estimates.

NET CASH, REALIZED NET AND TOTAL NET INCOMES, 1981-1990 MANITOBA



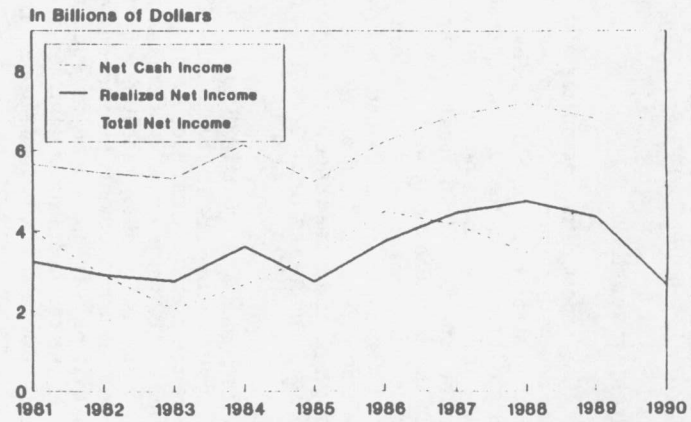
Data for 1989 and 1990 are estimates.

NET CASH, REALIZED NET AND TOTAL NET INCOMES, 1981-1990 ALBERTA



Data for 1989 and 1990 are estimates.

NET CASH, REALIZED NET AND TOTAL NET INCOMES, 1981-1990 CANADA



Source: Agriculture Canada and Library of Parliament.

THE SENATE

Thursday, December 21, 1989

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

21 December 1989

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 21st day of December, 1989, at 3.30 p.m., for the purpose of giving Royal Assent to certains Bills.

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

The Honourable
The Speaker of the Senate
Ottawa

INCOME TAX ACT AND RELATED ACTS

BILL TO AMEND—FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-28, to amend the Income Tax Act, the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, the Old Age Security Act, the Public Utilities Income Tax Transfer Act, the War Veterans Allowance Act and a related act.

Bill read first time.

SECOND READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Jean-Maurice Simard: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(*f*), I move that this bill be read the second time now.

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

Hon. Senators: Agreed.

[*Translation*]

Senator Simard: Honourable Senators, I am pleased to rise now to support Bill C-28 to implement the changes to the Income Tax Act which were announced by the Minister of Finance in his last April budget.

The provisions of this bill must be considered in the global context of this budget's objectives. As the Minister of Finance said when he tabled the said budget, Canada's major and growing debt is a serious problem and must be brought under control if we want to build our future instead of mortgaging it. The measures in this bill will contribute quite appreciably to the realization of this objective.

Bringing the national debt under control is not an end in itself. It is a means to achieve an end, an essential pre-condition to the maintainance of our social and other programs, the fostering of a sustainable economic growth, the improvement of our competitiveness and the creation of productive jobs.

[*English*]

Honourable senators, all Canadians share the desire to reach these goals. We all want an environment in which inflation and interest rates can come down. That means we must have firm, measured and consistent fiscal and monetary policies. Reducing the deficit and controlling the debt are an integral part of the government's policy approach. The April budget responded to the need for fiscal action to control the debt. Its balanced package of measures places a greater burden on those who are better able to bear it. On the spending side, the government has cut expenditures in such areas as defence, foreign aid, business subsidies and other transfers as well as payments to crown corporations and government operations. These, we believe, have been effective in the current year and will have a substantial impact on spending for several years into the future.

At this time I want to turn to the measures contained in the bill.

[*Translation*]

A number of changes affect personal income tax.

First, this bill implements an increase in the personal surtax, which will rise from 3 per cent to 5 per cent. As well, an additional 3 per cent high-income surtax will be applied to federal income tax on income in excess of $15,000. It will

affect taxpayers with incomes of over $70,000. These measures will be phased in gradually and will be fully applied in taxation year 1990. In 1989 the effect will be that the basic personal surtax will be increased to 4 per cent and the high-income surtax will be effective at a rate of 1.5 per cent.

The government has examined the tax base to ensure that no Canadian bears a disproportionate level of income tax. This bill, consequently, includes measures to improve the fairness of the tax base.

Specifically, the bill introduces taxation of accrued investment on an annual basis. This way, taxpayers who invest in contracts which pay interest annually and those who choose to invest in compound instruments will be taxed on a comparable basis.

Measures are also introduced to ensure that lessors of property must recognize leasing profits on a current basis. This enables the government to ensure that the leasing industry bears its fair share of tax and curtails the use of leasing as an after tax financing mechanism.

While these new measures will limit the tax advantages of leasing property, they will not affect the other desirable attributions of leasing. In particular, these measure will allow those people who lease property to claim capital cost allowance as if they had acquired property directly.

[*English*]

In considering a further set of changes to this bill, we must remember the major role played by the personal income tax system in managing the overall spending of the government. It does this by providing for taxation, at progressive rates, or most types of government assistance received by individuals. Therefore, an important change in personal taxation is directly related to the maintenance of the social safety net.

● (1410)

The purpose of this net, as we all know, is to assist those in most need, not to subsidize those with high incomes. All Canadians over 65 are eligible for old age security payments, regardless of their need for help or the level of their income. All families with dependent children under 18 years of age are eligible for family allowance payments. That will continue.

Because these programs are available to all without any prior means test, they are, in our opinion, considered universal. The fact that individuals must apply for them before receiving them and that they are subject to income tax has never been considered to limit universality.

The measures in this bill respect the universality of these programs. They build on the fact that they are already subject to income tax. They will ensure that benefits are targeted more effectively towards those in need. Over three years benefits from these two programs will become repayable at a rate of 15 per cent of individual net income over $50,000. The threshold will be about $74,000.

What we have to understand, and what Canadians have to understand, is that these provisions will not affect the vast majority of pensioners or families. They will not affect those who are solely or primarily dependent on old age security. In fact, only 4 per cent of those receiving old age security payments will be affected. Fewer than 2 per cent will have the full amount recovered. While 14 per cent of those receiving family allowance payments will be affected, fewer than 10 per cent will repay the full amount.

[Senator Simard.]

Those who will be affected by this measure are to be congratulated for having worked hard and for having prospered.

I must also repeat what the Minister of Finance said a number of times, that the threshold, which is already indexed on the same basis as other elements of the income tax system, will be reviewed periodically to ensure that it is still at an appropriate level. He has pointed out that threshold reviews have been made by the government a number of times since 1984, and that these reviews have never resulted in unfavourable action for those affected.

By moving to a more progressive system, the government is ensuring the continued existence of these programs for taxpayers who need help. By assuring the continued viability of these social programs, this bill makes an extremely important contribution to the maintenance of our social safety net.

[*Translation*]

Regarding the changes affecting corporate income tax, Bill C-28 also includes significant changes in the corporate tax system. We believe it is important to ensure that all large corporations pay tax and contribute to debt control. Therefore, effective July 1 of this year, a tax on large corporations was introduced. This tax, which will be levied at a rate of 0.175 per cent on capital employed in Canada in excess of $10 million, will ensure that all large companies pay federal taxes and thus contribute to national debt reduction.

We expect that some 3,600 corporations which account for approximately three-quarters of total corporate capital employed in Canada, will be subject to the tax. Together with modifications to the existing corporate surtax, this measure is expected to raise $965 million in additional federal revenue in its first full year of application.

Honourable senators, this bill also contains a number of measures dealing with securities lending and dividend rental arrangements. These measures are designed to facilitate the efficient operation of Canada's capital markets while eliminating the revenue loss arising from certain tax motivated divided rental arrangements.

The new rules ensure that a securities loan will not be regarded as a disposition of the security and will therefore not give rise to gains or losses for tax purposes. They provide that the lender of a share will be entitled to trade compensatory payments received from the borrower of the share as dividends. To offset the costs of these benefits, such payments will be non-deductible to the borrowers.

However, where a person borrows shares only to take advantage of the favourable tax treatment afforded any dividends paid on the shares while they are borrowed, a borrower will now be considered to have entered into a dividend rental arrangement. The borrower will therefore be denied the divi-

dend tax credit or inter-corporate dividend deduction, whichever is applicable.

Bill C-28 recognizes the importance of securities lending in the operation of Canada's capital markets. It will provide greater certainty in tax treatment for investors and security dealers alike. Together, these measures will facilitate legitimate securities lending but will curtail share lending only for tax purposes.

[*English*]

Finally, as a result of ongoing consultations with the securities industry, the deduction for dividend compensation payments for all taxpayers will be disallowed, effective July 1, 1989. In the case of payments made by registered securities dealers, the disallowance will be phased in so that only one-third of such payments made before April 1, 1990, will be nondeductible. Accordingly, the 50 per cent phase-in for the disallowance of dividend compensation payments announced in the May 26 release from the Department of Finance will not be implemented. The government will monitor the impact of these new rules in order to ensure that the Canadian securities industry maintains its international competitiveness.

I move on to other provisions. The government has not forgotten how important it is to ensure that persons who owe income tax actually pay that tax. To encourage taxpayers to pay their taxes on a timely basis, this bill will increase the rate of interest payable on overdue tax payments by two percentage points. A similar increase will be made to the rate of interest paid by the government on overdue refunds. There are also provisions to ensure that corporate tax payments due to the government are delivered on time.

[*Translation*]

Honourable senators, an underlying principle of the government's economic policies is equity and compassion for all Canadians which are reflected in Bill C-28, the purpose of which is to help some groups of taxpayers, those who need it most. The bill, therefore, introduces for new deductions to cover part-time attendant care expenses for handicapped workers.

Also, the deduction of some legal expenses incurred to obtain pension benefits or retiring allowances.

Also, the extension of the list of medical expenses eligible for tax rebate to include eight new medical apparatus.

And finally, and certainly worthy of note, other amendments ensuring that some consultation services provided to employees are not taxable.

Bill C-28 provides also for a new income deferral to ease the burden of cattle ranchers who, because of the drought, had to reduce the size of their breeding herds.

I suggest that all these amendments will improve the fairness of our tax system and help Canadians experiencing hardship unknown to most of their fellow citizens.

To conclude, I suggest that all Canadian men and women should realize that the serious problem of the national debt calls for action and a determination on our part just as significant as that of the government if we want to bring it under control. The immediate adoption of concrete measures will allow us to maintain and protect for the future the social programs and other commitments to Canadian men and women.

Moreover, the steps taken under this bill will provide the federal government with the budgetary margin of operation it will need in the future to meet the priorities of a great many Canadians. That is the government's objective. With this bill, and other budgetary measures, the government will have the means to significantly attack the problem which the national debt has created for the benefit of all Canadians. Thank you, honourable senators.

On the motion of Senator Frith, debate adjourned.

• (1420)

[*English*]

UNEMPLOYMENT INSURANCE ACT EMPLOYMENT AND IMMIGRATION DEPARTMENT AND COMMISSION ACT

BILL TO AMEND—SECOND REPORT OF SPECIAL COMMITTEE PRESENTED AND ADOPTED

Hon. Royce Frith (Deputy Leader of the Opposition), for Hon. Jacques Hébert, chairman of the Special Committee of the Senate on Bill C-21, presented the following report:

Thursday, December 21, 1989

The Special Committee of the Senate on Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Thursday, November 9, 1989, to study and report on the Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, respectfully requests that it be empowered to adjourn from place to place within Canada.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JACQUES HEBERT
Chairman

(*For text of appendices to report, see appendix, page 1006*).

He said: This is the budget for the committee that was approved in the Internal Economy Committee today, and because I believe we will be adjourning today I am going to ask for leave to have it adopted today, and I will explain why.

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

Senator Frith: With leave, now.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I think I should provide an explanation because I have taken—

Is Senator Flynn having another seizure?

Senator Flynn: I just want to get out while leave is being given for that report.

Senator Frith: All right. I will courteously wait for my friend to make his exit.

Senator MacEachen: I don't have that effect on him!

The Hon. the Acting Speaker: Honourable senators, perhaps I should put the motion again. I perhaps did not put the proper motion to the house. Leave was granted: I should then have said:

With leave of the Senate and notwithstanding rule 44(1)(*e*), it is moved by the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, that this report be adopted now.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: Honourable senators, I was going to give an explanation of why I am asking for leave, because Senator Roblin, although he is certainly not alone in taking this position, has recently pointed out, with my support and the support of our colleagues, that it is unusual to ask for leave to deal with a report without giving at least one day's occasion for the examination of the report. I had asked for copies to be distributed and I am asking for leave, because the committee presented its budget and had its budget reviewed by the subcommittee. There were some reductions in its budget in the subcommittee, and it was reported to and approved by the main committee today.

So why ask for it to be dealt with today? Because I believe we are going to adjourn today until sometime in January, but the committee has meetings planned and will be using some of its approved—approved by the committee—budget before we come back. That is why I am asking that it be approved now. I believe the committee is planning to resume on January 3, which will be before the anticipated date of the return of the Senate. That is why I am asking that an exception be made in this case.

Hon. Arthur Tremblay: If I may, I should like to ask Senator Frith a question about this item. I know that we discussed this in committee and, on our side, did not agree with it.

Senator Frith: I am sorry, senator, could you begin again? To what are you referring?

[Senator Frith.]

Senator Tremblay: I am referring to the item dealing with advertising. As I said, we discussed that in committee and we did not agree on that item in view of other implicit commitments, if I may use that expression, from the chairman that the hearing of witnesses would be terminated before the end of January. Taking account of that, we do not understand the meaning of that item, which refers to advertising for witnesses to appear before the committee. I would like to know the schedule of work, taking account of the fact that you just said that all of those expenses might be incurred during the period in which the Senate will not sit. There is something I do not understand here.

Some time will be needed in which to do that advertising calling for witnesses to present their requests to be heard. I am puzzled about the commitment, or so-called commitment, that the hearing of witnesses will be completed before the end of January. There is something I do not catch here. I would like someone to explain this further.

Senator Frith: Honourable senators, I raised the same question with the chairman. I believe it was raised in the subcommittee and in the main committee, but, in any event, certainly during our proceedings it was pointed out that there did seem to be a paradox in the commitment to complete hearings by the end of January, or the commitment to attempt to do so, and advertising. The explanation given was that it was felt that there should be some advertising—although it was not felt that the full amount set aside would be used—to invite written briefs and, in some cases, to provide for the possibility that someone who was previously not aware of the committee hearings as scheduled might want to appear and that we might find a way to hear that person.

The main reason, however, was to invite written briefs from across the country. That was the way it was left, and that was the answer given to the very question raised by Senator Tremblay and by others during the committee's proceedings.

Hon. Duff Roblin: That seems to me, honourable senators, to be an explanation that does not explain very much. Here we are at the end of December. It is unlikely that it would be wise to put any of these advertisements in the paper before the beginning of January, if they are prepared and distributed to all of these media people to whom reference has been made. Then we would have to wait for the replies to come in. Then we would have to tell these people, no doubt, that we are trying to wind up by the end of January. They will have been induced to apply, yet will not be able to be heard at all.

I must say that this seems to be an unnecessary expenditure. It seems curious that about half the amount we are being asked for today is for advertising, which apparently, as far as I can see, will not be effective and may arouse false expectations.

• (1430)

Senator Frith: Well, honourable senators, I disagree. I believe we should, if we are going to have these hearings, advertise for written submissions to give people the opportunity to make their feelings known. The response could be

monitored in a way that would make it possible for us to receive written briefs and perhaps, in exceptional circumstances, actually to have people come to Ottawa to give their views. So we disagree. I do not think I can say anything more. That is the justification for the item.

Senator Roblin: I want to advise my honourable friend that I hope the committee will be able to give us a report as to the effectiveness of this expenditure. I will want to know how much was spent, when the ads were placed, and what replies they received, because $40,000 is a lot of advertising. I think the proposition is dubious. I am willing to wait and see, but I certainly hope for a report on the effectiveness of the whole campaign.

Senator Frith: Honourable senators, I think that is a reasonable request.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, there is an item in the budget for travel expenses by the committee for nine senators and staff. I wonder whether the Deputy Leader of the Opposition could tell us when the committee received authorization to travel. I do not see it in the November 9 motion that the Leader of the Opposition moved to set up the committee nor do I see it in the first report of the special committee, which was presented and adopted yesterday.

Senator Frith: That is right, honourable senators; the committee does not have authority to travel and that is why the budget is being presented for approval, because we try, in accordance with a system that we set up some years ago, not to ask the Senate to give authority, first, to hire professional services in some cases and, second, to travel without senators knowing, in both cases, how much it would cost. This is consistent with the procedure we developed of not asking the Senate to give authority to a committee to do things that cost money without having some idea of how much. The idea was to present the costs to the Internal Economy Committee and have the Internal Economy Committee pass on it; then have it come to the Senate for a vote, with the cost specified and approved by the Internal Economy Committee. If it wants to travel, it is going to have to come back, as is implied in the question by the Leader of the Government, for that authority.

Senator Roblin: I am glad that point was cleared up, because otherwise it seems to me that by this device we have a backdoor method of approving travel which the Senate itself has not agreed to. I must say that it seems to be a curious way to go about things, but I am relieved to hear that, before that money is spent, we will be asked our opinions as to whether or not this committee should travel.

Senator Frith: We have had some difficulty getting this principle into a generally accepted and well-working procedure, but the thought behind it is simply as explained, not just for this committee but for all committees, that a committee does not come to the Senate and say we want authority to do X,Y and Z; and that the senators then ask, "We might give you authority, but could you tell us how much it would cost?" It is difficult, because you get the cart before the horse or the chicken before the egg cycle, but I think we have picked the best of the two by deciding not to ask for authority until we can tell the Senate the cost.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I have a supplementary question for the Deputy Leader of the Opposition.

When do you think the Chairman or the majority on the committee would ask the Senate for permission to travel? Has the decision been made? Has the committee concluded that it will travel? Do you intend to ask today or at a later date for permission to travel?

Senator Frith: No, this decision would certainly be made by the committee itself.

[*English*]

Hon. Efstathios William Barootes: May I ask the Deputy Leader of the Opposition a question with respect to the travel? I am a little confused. I see they have a possible arrangement for three days for seven people at $804, totalling $13,668. Could you tell me what the destination would be for the $804 return fare?

Senator Bonnell: Winnipeg, Manitoba.

Senator Barootes: Winnipeg?

Senator Bonnell: Where else would you want to go?

Senator Barootes: I thank your acolyte for answering that.

• (1440)

With reference to the item for ground transportation, four buses at $100 per bus, what is the purpose of those four buses? Perhaps I could ask that question as well.

Senator Frith: Honourable senators, I do not know the answer to that question. Perhaps the deputy chairman could tell us.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, there is no answer.

Senator Frith: It seems to me that that is part of the question. You will have to find that out, senator, when they come and ask for the authority.

Senator Barootes: I thank the honourable senator.

Senator Roblin: Allow me to observe that I do not think the new procedure is very satisfactory. It has not solved anything, and we are put into the position where a committee is being backed into the question of travel by avoiding the necessity of asking for permission to travel on the motion establishing the committee, and the matter comes back to us in this way.

As I understand it, however, my friend is telling me that the committee cannot travel until such time as the Senate deals with this matter.

Senator Frith: Honourable senators, this matter continues to arise in this chamber. It is strange that the solution is certainly getting as much criticism as the problem did. Some years ago,

when Senator Barrow was deputy chairman of the Standing Committee on Internal Economy, Budgets and Administration and chairman of the Budgets Subcommittee, he told us:

> What happens is that the committees go to the Senate first for authority to travel. Once they have that authority, then they come to Internal Economy—

This is what Senator Barrow and others thought was the real back door.

> They then come to the Internal Economy Committee and say: "This is our budget; we already have the authority from the Senate. They told us we could travel, so don't you give us any argument about the costs."

Honourable senators, that is why we have attempted to come up with a system whereby the committee brings in the costs before they ask the Senate for authority to travel. Now some honourable senators are saying that is the back door. In my opinion, the other system was the back door. I sat on committees where chairmen of committees said: "Don't give me any argument about costs. The Senate has told us we can travel and this is what it will cost."

Hon. Allan J. MacEachen (Leader of the Opposition): After all, it is only three. I think they have been very honest.

Motion agreed to and report adopted.

ADJOURNMENT

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

> That when the Senate adjourns today, it do stand adjourned until Tuesday, 23rd January, 1990, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

THE SENATE

CONSTITUTIONALITY OF ELECTION IN ALBERTA TO FILL VACANCY—REASONING BEHIND LEGAL OPINION—CORRESPONDENCE WITH GOVERNMENT OF ALBERTA

Hon. Joyce Fairbairn: Honourable senators, yesterday we had a useful exchange on the question of the constitutionality of the election or selection process to fill the Senate vacancy in Alberta. At that time the Leader of the Government in the Senate undertook to return today with answers on two or three of the questions that were raised at that time.

[Senator Frith.]

First of all, I should like to ask the honourable leader if he is in a position to paraphrase or summarize for us the reasoning behind the advice from the law officers of the Crown that the Alberta Senatorial Selection Act was ultra vires the Legislature of Alberta.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I can do so in two sentences, and these are the main points of the legal opinion of the Department of Justice on Alberta's Senatorial Selection Act.

First, nothing in the Constitution provides a basis for Alberta to legislate respecting the Senate.

Second, in particular, altering the method of selecting senators would require a constitutional amendment pursuant to section 42 of the Constitution Act, 1982.

I may say that these points were included in my correspondence with members of the government of Alberta.

Senator Fairbairn: I thank the Leader of the Government in the Senate for that information. I am wondering whether he could indicate to us the date on which he sent the letters to Premier Getty and to, I believe he indicated, Mr. James Horsman, the Minister of Intergovernmental Affairs in Alberta. I would also ask if it is possible for the Leader of the Government to table that correspondence.

Senator Murray: With regard to the latter part of the question, I have not really had time to consider whether I can, or should, table the correspondence. I will have to ask the Senate for its indulgence on that matter for another little while.

I have a chronology here and a word of explanation is in order. On February 17 last Bill 1, the Senatorial Selection Act, was tabled in the Alberta Legislative Assembly. That bill was overtaken—

Senator Frith: What date was that again, I am sorry?

Senator Murray: February 17, 1989. That bill was overtaken by a dissolution of the Alberta legislature on February 20 and the holding of a provincial election on March 20.

The Government of Alberta had indicated that it was its intention to bring back that bill once the new legislature was convened. Therefore, on May 19 I wrote to the Honourable James Horsman to let him know that our legal advisers were of the opinion that Bill 1 had been ultra vires the Alberta Legislature.

On June 26 Bill 11 was introduced into the new legislature, and on June 30 I again wrote to Mr. Horsman, advising that Bill 11 would still be ultra vires the Alberta Legislature.

On August 15 Bill 11 received first reading in the legislature. On August 23 I wrote to Premier Getty and to Mr. Horsman. In my letters I suggested that before the vote was called Alberta might consider referring the legislation to the Alberta Court of Appeal, or that the two governments might consider, together, a possible Supreme Court reference.

Senator Fairbairn: I thank the Leader of the Government for that answer.

I would like to ask whether or not he received from either Mr. Getty or Mr. Horsman, or both, a response to those letters of August 23. Indeed, throughout the chronology, I would ask whether either of those gentlemen responded with comments back to the Leader of the Government in the Senate.

Senator Murray: No, they did not, honourable senators. I should explain that at one point—and perhaps it was in my letter of May 19 to Mr. Horsman or perhaps in a conversation I had had in February with him—I had suggested that our legal advisers might meet to discuss the matter so that Alberta's legal officials could have the benefit of the thinking of our advisers on the matter.

Honourable senators, that was agreed to, and on June 6 there was a meeting of federal and Alberta officials, in the course of which our officials reviewed in detail the reasons they considered Bill 1 to have been unconstitutional. As I say, it was expected that that bill would be reintroduced in the new legislature.

However, the officials did have a meeting on the matter, and I take it that they agreed to disagree.

● (1450)

Senator Fairbairn: Honourable senators, as I understood the earlier response of the Leader of the Government, he has undertaken to see whether or not he can table that correspondence, perhaps with the agreement of Mr. Horsman and Mr. Getty.

Senator Murray: Honourable senators, I will take the matter under advisement. I simply have not had an opportunity to do anything since yesterday.

REOPENING OF NEGOTIATIONS ON MEECH LAKE ACCORD—GOVERNMENT POSITION

Hon. Dan Hays: Honourable senators, I have a supplementary question to those asked by Senator Fairbairn today and those asked by Senator Olson yesterday. It is clear now that we have a situation where the Government of Alberta and the Government of Canada disagree on a provision of the Meech Lake Accord. It strikes me that one could be led to conclude that there is some kind of error, perhaps, in the wording of that portion of the accord dealing with Senate appointments. I remember well the government's position that only in the case of an egregious error would consideration be given to reopening the negotiations on the Meech Lake Accord. Has any thought been given to re-opening those negotiations, at least with Alberta, on the provision with respect to Senate appointments? Perhaps a few words could resolve the difference between the two governments. If a few words could not resolve the issue, then perhaps this profound disagreement between the two levels of government is cause to think twice about entrenching these measures in the Constitution.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my honourable friend misunderstands the situation. The disagreement is not about the Meech Lake Accord or any provisions in it; it is a matter of our legal opinion being that the Alberta Senatorial Selection Act is ultra vires their legislature. It does not touch upon any provision of the Meech Lake Accord.

Senator Hays: Honourable senators, I should ask the minister to clarify: Is the opinion that is under discussion here not based on the assumption that the Meech Lake Accord is part of the Constitution?

Senator Murray: Honourable senators, it is not.

Senator Hays: Honourable senators, to doubly clarify, then, does the opinion given by the law officers of the Crown take into consideration the understanding between the Prime Minister and the premiers that the Meech Lake Accord will be observed during the period when ratification is being considered by the legislatures?

Senator Murray: No, honourable senators.

PANAMA

UNITED STATES INTERVENTION—STATEMENT BY PRIME MINISTER

Hon. Peter A. Stollery: Honourable senators, I would like to refer to yesterday's statement by the Prime Minister, when he referred to mainstream fundamental values of Canadians in his comments outlining his support for the U.S. intervention in Panama. The United States appointed President Guillermo Endara of the Partido Panamenista Autentico, whose famous philosopher leader was the late Arnulfo Arias, who died last year and who was elected three times as President of Panama. This is the party that has been put into power by the Americans. Arias was a friend of Hitler; he was unseated in 1941 by the Americans, and he was ousted again in 1951 and 1968. Not only did Arnulfo Arias and his party hate Jews, they removed the citizenship of 30,000 black descendents of West Indian workers who helped build the Panama Canal. Does the Leader of the Government believe that the Prime Minister was aware of those facts when he supported the U.S. intervention and suggested that it would have something to do with mainstream Canadian thinking?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I invite my honourable friend to put a Notice of Inquiry on the order paper and debate the matter at the appropriate time.

THE SENATE

CONSTITUTIONALITY OF ELECTION IN ALBERTA TO FILL VACANCY—REFERENCE TO SUPREME COURT

Hon. Joyce Fairbairn: Honourable senators, I have one other question on the Alberta-Senate issue. According to my notes, it was on August 23 that the Leader of the Government wrote to the Premier of Alberta and to Mr. Horsman, pursuing the idea that Alberta itself might wish to initiate a reference to the Alberta Court of Appeal to test the constitutionality of their actions or that a joint reference might be made to the

Supreme Court of Canada. Obviously, the answer to those suggestions was in the negative. Did the federal government at any time consider initiating a reference to the Supreme Court?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, we have not done so.

Senator Fairbairn: Honourable senators—

Senator Doody: One more "final" question?

Senator Fairbairn: —is such action under consideration by the federal government?

Senator Murray: Honourable senators, it is not. I do not exclude any possibility, but the matter is not under consideration at the moment.

OPINION OF LAW OFFICERS OF THE CROWN ON ALBERTA ELECTION PROCESS—REQUEST FOR COPY

Hon. H.A. Olson: Honourable senators, can the Leader of the Government get us a copy of the legal advice supplied to the government? The minister has given us two sentences from that statement. One of those sentences said that the basis for finding the action ultra vires is that the Legislature of Alberta does not have any constitutional authority to make laws respecting the Senate of Canada. That means that we have an act on the statute books of Alberta that is ultra vires. The provincial government has unconstitutionally taken action with respect to one of the federal institutions when it had no right to do so. That, I think, is the essence of the statement. By the way, I should point out that it cost Alberta taxpayers approximately $3.8 million for the legislature to carry out what it did "ultra viresly," as has been pointed out.

This is a mess. We do not want illegal acts promulgated in Alberta. Surely someone in this country is the custodian of our Constitution, and that is probably the federal government. If we could have a copy of this statement by the law officers of the Crown, we would know who is responsible for our Constitution and for the activities flowing from it, such as actions of provincial legislatures. So it would be useful if we could have a copy of that opinion so that someone could take action and "clean up our act."

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, first, I am glad that even the two sentences that I have uttered by way of paraphrase or summary have been sufficient to convince or persuade the honourable senator that our legal advisers are right. Clearly he accepts their opinion.

With regard to the second part of the question, the answer is no, and I believe that I am supported by ample precedents when it comes to declining to table a legal opinion from the Department of Justice. I have done what I was asked to do yesterday, which is to paraphrase in a sentence or two—

Senator Frith: "Synopsize" I think is a better word.

Senator Murray: Yes, I synopsized in a sentence or two the opinion we received from our advisers.

[Senator Fairbairn.]

ULTRA VIRES ALBERTA STATUTE—FEDERAL GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I have a final supplementary question—although I have said that before only to follow with other questions.

According to the minister, the perhaps penultimate minister short of the Prime Minister, responsible for federal-provincial affairs and the Constitution—certainly he has been the leading minister in federal-provincial matters—we are going to stand idly by and not do anything when we know that the Province of Alberta has on its statutes an act that is ultra vires its authority.

● (1500)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, again, there are many precedents where provinces have passed legislation which the federal government regarded as ultra vires but did not take any initiative on its own in the courts. The honourable senator will recall the case of Bill 101 passed by the Quebec Legislature. The Prime Minister of the day was invited to invoke the power of disallowance, which he declined to do, but it was clearly the view of the legal advisers to the government that Bill 101 was ultra vires. The Solicitor General of Canada so argued in the courts after somebody else had brought a case and after a delay of some years.

I am not saying that nothing will be done; I am just resisting the more impetuous and emotional impulses of the honourable senator.

Senator Olson: I would just like to have a clean statute that is intra vires in the province of Alberta. The Leader of the Government has convinced me that there is at least one act—and there may be more—that is in ultra vires.

I would ask the Leader of the Government: Who is the custodian of the Constitution of Canada; who sees that it is adhered to? It is the supreme law of this country, is it not?

Senator MacEachen: Pierre Trudeau, of course!

Hon. Dan Hays: Honourable senators, further to this question of the constitutionality of the Alberta Senatorial Selection Act, I now see how the minister can say that it is unconstitutional if the opinion of the law officers is based on the Constitution as it is.

However, has the minister sought an opinion, and, if he has sought it, what opinion was given on whether or not the Alberta Senatorial Selection Act would be intra vires if the Meech Lake Accord were part of the Constitution?

Senator Murray: I am sure they have thought about that, honourable senators, but they would probably decline to give an opinion on what is still a hypothetical question.

Senator Hays: Being a lawyer myself, I can understand how they might say that. I believe it would be within the power of the minister to insist, and perhaps I could conclude my question by asking him to do so.

Senator Murray: I will take the matter under advisement and consider whether there is any further information or advice I can bring in to the Senate.

PANAMA

UNITED STATES INTERVENTION—STATEMENT BY PRIME MINISTER

Hon. Peter A. Stollery: Honourable senators, it is very difficult to get an answer from the Leader of the Government in the Senate on an issue as important as Canadian support for the American imposition in Panama of one of the last great fascist parties in the world, whose leaders were considered by the Americans during the war to be war criminals.

I do not think it is satisfactory, just because he is ignorant himself of the situation, for the Leader of the Government to slough off legitimate questions in the Senate about current government policy and about statements that the Prime Minister has been making in the country about Canadian standard values while the Government of Canada, of which the Leader of the Government is the representative in the Senate, supports loudly and, in the view of some American congressmen and senators, more strongly than they do, the imposition in a country of a government whose leadership has been removed three times by that very country over the last 30 years.

I think the Leader of the Government should at least give us an answer in the Senate or tell us that he will speak with his colleague, the Secretary of State for External Affairs, and possibly inform the Prime Minister of the facts, because I do not think he knows anything about it either. I think he is as ignorant as the Leader of the Government in the Senate.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): It is a great pity that the honourable senator is not still in the House of Commons where he could engage in this debate with Prime Minister Mulroney and Mr. Clark. His big mistake was in yielding to the persuasions of Senator Davey and resigning his seat for Jim Coutts a few years ago.

Senator Stollery: That is an ignorant comment by an ignorant man representing the government in the Senate.

I am asking the Leader of the Government for a response regarding current, active Canadian policy. If the leader does not want to respond to that, then I suppose, at some point, we will have to refer the matter to a committee or we will have to take steps to go further. I think that instead of indulging in this kind of insult—at least in his mind—I think involving the government in a racist, anti-Semitic course of events is something that Canadians would like to know about. I know senators, including myself, would like to know more about it. I also think we would like to have a little less superficiality from the Leader of the Government in the Senate.

TRANS-CANADA HIGHWAY

UPGRADING OF NEW BRUNSWICK SECTION

Hon. Eymard G. Corbin: Honourable senators, I should like to ask the Leader of the Government in the Senate a question, which was asked in editorial form in the *Telegraph-Journal* of Friday, December 15. For some reason we always seem to receive the *Telegraph-Journal* a week later up here.

The question is as follows:

> Can we expect an announcement before long on the upgrading of New Brunswick's Trans-Canada Highway?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Not today, honourable senators.

Senator Corbin: The editorial also states:

> Prime Minister Brian Mulroney and Federal Transport Minister Benoit Bouchard have both acknowledged the inadequacy of the Trans-Canada and the need for a better highway in this modern age of mass transportation.
>
> But they've held back on making a federal financial commitment. One question is whether Ottawa is stalling until after a national transportation study is completed.

An answer in that regard was provided to me some months ago by the Leader of the Government. I would continue the quotation, as follows:

> Another is whether suggested federal spending cuts to help reduce the proposed goods and services tax rate would make Trans-Canada assistance more remote.

Is it for either one or both of those reasons that we cannot have an answer soon?

Senator Murray: I do not think so, honourable senators, but I will undertake to bring to the honourable senator and to the Senate any more-up-to-date information than that which I have given here in answer to previous questions from my friend.

Senator Corbin: I appreciate the answer, but let me conclude this intervention by again quoting from the editorial, which reflects, I believe, the sentiment of all New Brunswickers. It goes on to state:

> But New Brunswick can't wait indefinitely for a better, safer Trans-Canada. With a grim prediction that 400 people will die on that highway over the next 15 years unless it's improved, the project has become, quite literally, a matter of life and death.

Senator Murray: Honourable senators, I am not asking my friend to wait indefinitely; I am asking him to wait until next we meet, at which time I will bring in any more-recent information than that which I have already given him on that subject.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have some delayed answers to questions.

INTERNATIONAL TRADE

SALE OF U.S. BARLEY TO SAUDI ARABIA—SALE OF WHEAT BY SAUDI ARABIA

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on November 21 last by the Honourable Senator Argue regarding International Trade—Sale of U.S. Barley to Saudia Arabia—Sale of Wheat by Saudi Arabia.

(*The answer follows:*)

The government can confirm recent U.S. EEP barley sales to Saudi Arabia. The U.S. stated reason for offering EEP barley sales to Saudi Arabia is to counter subsidized competition for the EC. Canada, the U.S. and the EC are all major suppliers in the Saudi Arabian barley market.

The government continues to make representations to the U.S. at the highest levels objecting to the EEP and its adverse impact on Canadian grain producers. Minister for International Trade, John Crosbie, raised Canadian concerns with U.S. Trade Representative, Carla Hills, at the meeting of the Canada-U.S. Trade Commission November 30, with specific reference to the recent EEP barley sale to Saudi Arabia.

● (1510)

SOLICITOR GENERAL

WEIR INQUIRY—REQUEST FOR DETAILED LIST OF EXPENDITURES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 20 and December 19 last by the Honourable Senator Hastings regarding Solicitor General—Weir Inquiry—Request for Detailed List of Expenditures.

(*The answer follows:*)

The document will be sent directly to the Senator today since it is over 125 pages in length.

CANADA SCHOLARSHIPS PROGRAM

MEETING OF OBJECTIVES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 14 last by the Honourable Senator Marsden respecting Canada Scholarships Program—Meeting of Objectives.

(*The answer follows:*)

The Canada Scholarships Program was introduced to recognize and encourage more of Canada's outstanding students to pursue undergraduate natural sciences and engineering, fields critical to Canada's future industrial competitiveness.

[Senator Doody.]

Academic excellence underpins the program, and is the basis for the selection of Canada Scholars as well as the retention of their scholarship. Consistent with this focus on excellence, a first-class academic standing is required for scholarship renewal for all students.

Selection of Scholars:

Recognizing that the mobilization of female talent will be a crucial factor in increasing the representation of scientists and engineers in the Canadian labour force, the Program awards a minimum of 50 per cent of the 2,500 new scholarships annually to women.

Both the 1988-89 and 1989-90 programs have fully met the objective of awarding one half of new scholarships to outstanding women. In 1988-89, 51 per cent of scholarships were awarded to women; in 1989-90, the level is 53 per cent. An evaluation of the women's component of the program will be done next year.

Attainment of the larger objectives with respect to increasing the number of students who pursue studies in these fields and the impact on industrial competitiveness can only be assessed in the longer term. A framework for the evaluation against these broader objectives is at present being finalized.

Renewals:

Based on the requirement for a first-class standing to qualify for scholarship renewal, the first year of the program demonstrated a high non-renewal rate, with women experiencing a higher level of non-renewal than men. The final renewal rates were 45.7 per cent for women, and 64 per cent for men.

The non-renewal rate, particularly for women, is a serious concern and a number of studies are currently being conducted to determine the reasons for the high non-renewal rate, its impact and ways to improve the situation. However, any attempt to reduce the renewal requirements would be counter to the program focus on academic excellence.

AGRICULTURE

GRAINS—FINAL PAYMENT FOR 1988-89 CROP YEAR

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 20 last by the Honourable Senator Olson respecting Agriculture—Grains—Final Payment for 1988-89 Crop Year.

Hon. H.A. Olson: Is that the one about the final payment?

Senator Doody: A copy is on the way over, senator. It has been distributed.

(*The answer follows:*)

Attached is a news release issued by the Department of Agriculture on December 18, 1989, outlining the final payment for the 1988-89 crop year, requested by Senator Olson.

AGRICULTURE

FARM INCOME CRISIS IN WESTERN CANADA—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 13 last by the Honourable Senator Olson respecting Agriculture—Farm Income Crisis in Western Canada—Government Action.

(*The answer follows:*)

To set the record straight between 1981 and 1984, when the Liberal Party was in power, net realized farm income averaged $3.1 billion per year. In the last five years that average of realized net income has risen to over $4 billion, an increase of 30 per cent over the Liberal years.

In terms of direct assistance, between 1981 and 1984 under the Liberals some $500 million in direct assistance was provided. Between 1985 and 1989 some $2.5 billion in direct assistance was provided. That is more than a fourfold increase.

While there has been a slight drop from the record high incomes of 1988, 1989 came in just slightly below the 1988 figures, but significantly higher as compared to the original projections.

The Minister of Agriculture would also like to remind the honourable senators that the crop is not in the ground yet and there are a lot of considerations to take into account.

Minister Mazankowski, met with the Saskatchewan Wheat Pool on December 13, and discussed the situation.

As the Prime Minister said, to be quite frank about it, this government has provided $21.7 billion worth of federal assistance to the farmers of Canada in the last five years. We stood with the farmers then. We are standing with them now, and we will stand with them in the future.

THE SENATE

DECLARATION BY MINISTER OF JUSTICE ON PROVINCIAL STATUTES BEING INTRA VIRES

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 20 last by the Honourable Senator Olson regarding The Senate—Declaration by Minister of Justice on Provincial Statutes being Intra Vires.

(*The answer follows:*)

The procedure of the examination and reporting on statutes by the Department of Justice was instituted pursuant to instructions contained in a Council Minute of June 8, 1868. At the end of each session of its legislature, a province would send to the Governor General authenticated copies of all acts passed during the session. The Department of Justice would review the provincial acts upon their receipt and an order in council would be issued on the recommendation of the Minister of Justice either advising that the power of disallowance would not be exercised or disallowing a provincial act. No provincial act has been disallowed since April 7, 1943. The procedure of examination and review was ended by a Minute of Council P.C. 1983-3439 of 3 November, 1983, enacted on the recommendation of the Minister of Justice. Provincial attorneys-general were notified of this by letters dated November 15, 1983 from the Minister of Justice.

PARLIAMENT

CLOSURE OF EAST BLOCK CAFETERIA, PARLIAMENT HILL—GOVERNMENT POSITION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on December 19 last by the Honourable Senator Robichaud regarding Parliament—Closure of East Block Cafeteria, Parliament Hill—Government Position.

(*The answer follows:*)

I would like to confirm with the honourable senator that decisions regarding government cutbacks announced by Minister de Cotret were made by the Internal Economy Committee in the other place.

PRIVATE BILL

EASTERN SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Macquarrie, seconded by the Honourable Senator MacDonald (*Halifax*), for the second reading of the Bill S-11, An Act to restructure the Eastern Canada Synod of the Lutheran Church in America under the name of the Eastern Synod of the Evangelical Lutheran Church in Canada.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, any questions there might be on the subject of this bill would be best dealt with in committee. Therefore, I recommend that we give it second reading and send it to the Committee on Legal and Constitutional Affairs today.

Hon. Heath Macquarrie: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Macquarrie speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Macquarrie: Honourable senators, I am duly warned and chastened, and I am grateful to Senator Frith. I also appreciate the interest which senators have shown privately to me in this very important matter. Being mindful of rule

95, I would now move that this bill be referred to the Legal and Constitutional Affairs Committee.

Senator Frith: You have to get second reading first.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Senator Macquarrie: Honourable senators, I am sorry if I seem to have jumped the gun. I have been thinking of the last words that Sir John A. Macdonald uttered on Parliament Hill, when he said to Mackenzie Bowell, "It's getting late, Bowell." It is not too far from the arrival of Her Excellency's representative. I therefore take this opportunity, in the proper sequence of events, to move that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Some Hon. Senators: Hear, hear!

On motion of Senator Macquarrie, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

GOVERNOR GENERAL'S ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Macquarrie, for the second reading of the Bill C-31, An Act to amend the Governor General's Act.—(*Honourable Senator Hastings*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, here too, Senator Hastings feels that any questions he wants to raise can best be raised in the committee. Therefore, he would have supported this bill's getting second reading now and being referred to the Standing Senate Committee on Legal and Constitutional Affairs as well.

Hon. Nathan Nurgitz: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Nurgitz speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Nurgitz: Honourable senators, in closing the debate I thought I would just quickly respond to three questions that were raised; the first was by Senator Stewart, dealing with the annual adjustment, that is whether the adjustment made for the Governor General is the same adjustment that is made for members of Parliament. The simple answer is that it is almost the same, but under the Parliaments of Canada Act it says that the adjustment is 1 per cent less than the industrial aggregate for the first adjustment year. So a member of Parliament's adjustment is 1 per cent less than the Governor General's would be.

[Senator Macquarrie.]

The next question was raised by Senator LeBlanc, regarding the pension for a retiring Governor General. The Governor General's Act provides a taxable pension equal to one-third of the Governor General's salary, plus supplementary benefits set out in the Supplementary Benefits Act payable immediately upon leaving office. Presently, this would be roughly $79,000. By comparison, I might point out that our federally-appointed judges receive a pension of two-thirds of their current salary.

Senator Hastings asked a question about what secretarial and support assistance is given to a retiring Governor General. I point out that, pursuant to a 1979 Treasury Board decision, former Governors General receive an annual allowance equal to the budget of an MP's parliamentary office plus 50 per cent, for a total of approximately $170,000, today. This pays for staff, office space, travel, hospitality and expenses incurred in the discharge of public duties.

The only questions I have not answered are the questions raised by Senator MacDonald on behalf of himself and Senator Frith.

Senator Frith: Let the record show that he did not have any authority to—

Senator Nurgitz: To speak on your behalf?

Senator Frith: Yes. He was not acting on my behalf. He was talking about an event in which we both participated. I spoke for myself.

Senator Doody: Oh, weak friend!

Senator Nurgitz: The Governor General wished Senator MacDonald well and said that the MacDonald rule will still apply next year.

Honourable senators, with that, I conclude my remarks and urge second reading of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

BUSINESS OF THE SENATE

On Question Period:

Hon. H.A. Olson: Honourable senators, on a point of order, I thank the government leader for giving me a delayed response to a question. He did say there was a press release dealing with the matter of final payments. The press release deals only with the initial payments. I wonder if he would get me the answer to the proper question. I will give him the question later.

Hon. C. William Doody (Deputy Leader of the Government): Thank you.

INTERNATIONAL FORUM ON POPULATION IN THE TWENTY-FIRST CENTURY

HELD AT AMSTERDAM, THE NETHERLANDS

Hon. Lorna Marsden rose, pursuant to notice of Tuesday, November 28, 1989:

> That she will call the attention of the Senate to the International Forum on Population in the Twenty-First Century, held at Amsterdam, Netherlands, from 6th to 9th November, 1989.

She said: Honourable senators, I wish to report to you briefly on an important debate which took place last month on the prospects for population issues in the next century and the steps which must be taken to deal creatively and fairly with the situation that faces us.

Let us take a brief look at the situation. In the next generation, in about 30 years, at current rates the world's total population will grow by close to three billion people. In 1987 the world celebrated the birth of the five billionth human being, and the world's population was growing at a rate of 88 million people per year. Only two years later the rate is close to 91 million per year. In 1998 we can expect the six billionth inhabitant of the earth to be born—one year sooner than was projected in 1987—and in the year 2025 the world's population is now expected to be 8.5 billion. By current projections, perhaps a century from now the world will level off at 10 billion people or more.

● (1520)

The important issue here, especially for those of us in this sparsely populated, rich country, is that 94 per cent of those 97 million people who will be born in the world in the next ten years will be born in developing countries. Of those 42 countries with annual growth rates of over 3 per cent, 24 are in Africa and 10 are in the Middle East. By the end of the century those under the age of 25 will comprise nearly 42 per cent of the world's total population, and these are, of course, highly dependent people. Those between the ages of 0 and 14 must be fed, educated, given health care, clothing and shelter, and a large part of the burden for that support will be carried by those 15 to 24 years of age.

One could go on discussing these figures at length, but the impact on the major issues which face us, for example, the environment, are clear. You can appreciate that at a forum, such as the one on which I am now reporting, the concept of sustainable development takes on a new and very urgent meaning, because we talk not only about environmental and economic growth but about a development strategy that has among its primary objectives the link between population programs and health, education, housing and employment as well as economic growth.

So the purpose of the International Forum on Population in the Twenty-First Century, which was held in Amsterdam from November 6 to 9, 1989, sponsored by the United Nations Population Fund and the Government of the Netherlands, was to come to some agreement upon how these problems must be faced. Dr. Nafis Sadik, president of the UNP Fund, was the leading organizer and co-chairman of the forum.

The forum took place in the beautiful Royal Tropical Institute in Amsterdam, and we were honoured to have been addressed by many distinguished speakers. The conference was attended by senior ministers and officials from 79 countries, as well as 20 United Nations agencies and organizations, 6 intergovernmental organizations, 32 nongovernmental organizations and 16 academic and training institutions. These are the people for whom our development and aid efforts are of great significance and the people through whose work we achieve our objectives throughout the world.

I attended as a member of the United Nations Fund for Population Activity Advisory Panel on Women, Population and Development, on which I have served since it began four years ago. It was noted by everyone that our country did not send a minister or other political representative. Instead, we were represented by a highly able official of CIDA, Dr. Linda Demers. While she did a splendid job of representing our country in her formal presentation and in the hard work she accomplished in the corridors, nonetheless, there was a note of bitterness among the senior ministers who attended from the developing countries about the absence of a high level political representative from a donor country such as Canada. This fact must be noted, and I hope that the Secretary of State for External Affairs will be able to ensure that Canada is more fully represented at the donor advisory meetings coming up in February, which is why I wanted to speak today.

Not only were we addressed not only by the Queen of the Netherlands at the final plenary session where the Amsterdan Declaration was announced, but we were also addressed by the Honourable Robert Mugabe of Zimbabwe, Mr. Willie Brandt of West Germany, Dr. Joseph C. Wheeler of the OECD Development Assistance committee, of which Canada is a member, the Minister for Development and Cooperation of the Netherlands, and Mr. McGeorge Bundy of the U.S.A., as well as by the senior representatives of the 79 countries attending.

In particular, I wish to draw the attention of the Senate to the speech of Mr. McGeorge Bundy. In the 1984 Mexico World Population Conference, to which I led the Canadian delegation, representatives of many countries showed a willingness to politicize population issues. Happily, this was absent from the Amsterdam forum. At the Mexico World Population Conference, the USA took a hard-line position on the funding of population programs in case they might offer abortion among the many family planning services for women in the developing countries. Since the U.S. remains the largest donor to family planning programs, this has meant an obstacle in bureaucratic and funding programs. What was remarkable about Mr. Bundy's speech was the candour with which he commented on the role that his own country has played. He said:

> What I want to discuss is the impact on worldwide population programs of the American debate during the 1980s over abortion. I will begin with the good news—that impact has been limited—and go on to a rather more

> striking point: that insofar as American right to lifers have had any effect at all on the worldwide resort to abortion that impact has been to increase both its frequency and its cost in maternal suffering and death.

He then proceeded to an analysis of the situation in the United States over the abortion issue—an issue which is a matter of astonishment to many countries in the world where infanticide is still a major issue, and abortion, legal or illegal, is the only option for many couples because of the lack of contraceptives, clean water and the other basics of reproductive life. Rather than continuing, I would be happy to supply a copy of McGeorge Bundy's speech to any of my colleagues who are interested. I will also curtail my remarks on the other speakers.

In addition, the forum spent one day in regional committees. I attended the regional group on the Arab States and Europe. The Arab States situation with respect to population is complex and fascinating, but, once again, in the interest of time, I will curtail my comments there; however, I would be glad to amplify them to anyone who is interested in that situation.

The forum ended with the publication of the Amsterdam Declaration, entitled "A Better Life for Future Generations", in which is described the conditions under which population growth is developing, some of which I intended to discuss earlier. The existing documents, for example, such as the 1989 State of the World Population Report, the question of population and sustainable development, and the question of population objectives and program priorities are included in the declaration.

In the latter it is stated that at the very least, in the coming decade and beyond, national population goals and objectives should include a reduction in the average number of children born per woman; a reduction in the 1980 rate of infant mortality to the rates of, at the most, 50 per 1,000 live births by the year 2000; a reduction in maternal mortality from all causes, including illegal abortion, by at least 50 per cent by the year 2000, particularly in regions where this figure currently exceeds 100 per 100,000 births; an increase in the average life expectancy at birth to 62 years or more in high mortality countries; and a better geographical distribution of the population within national territories in balance with the proper use of resources.

In addition to commenting on the needs to have better data for population policy and program planning, in which endeavour both Statistics Canada and CIDA have been very helpful, it comments on the need for research into contraceptive technology and social science research into the determinants of fertility, family attitudes and behaviour, in particular sexual behaviour, family relationships and traditions concerning women.

The program priorities include the need to examine the impact of education on demographic behaviour; the need to raise the social and economic value of girl children in the family—and I should like to point out that the South Asian countries have declared 1990 the year of the girl-child, as female infanticide is still a very major problem in those countries; the need to increase women's participation in decision making; to improve the comfort and quality of maternal and child health; and to improve the health generally, especially in the reproductive cycle.

All of this is expensive and requires the involvement of all donor countries as well as receiving countries. But, as the Declaration says:

> We, the participants of the International Forum on Population in the Twenty-First Century, are convinced that unless effective action is taken immediately future resources will be woefully inadequate.

The Declaration calls on all governments to increase their activities and commitments.

Honourable senators, I would be happy to supply copies of the Amsterdam Declaration or any of the accompanying speeches to anyone who is interested, but, above all, I would ask all senators to revisit the population question. We are so comfortable in this country, yet so much fuss is often made about the small number of immigrants and refugees who reach our shores. We are so preoccupied with increasing our taxes and reducing our services that we are failing to look over our shoulder at the monumental problem with which the world, of which we are a part, is trying to cope. Our official absence at a leading political level in Amsterdam was evidence of this. I encourage all honourable senators to bring this to the attention of the government.

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

LEADER OF THE GOVERNMENT IN THE SENATE

MOTION FOR TABLING OF DOCUMENTS SENT TO NEWSPAPERS AND MAGAZINES—DEBATE ADJOURNED

Hon. Gildas L. Molgat: Honourable senators, I wish to move the motion standing in my name, but, with leave of the Senate, I should like to make a small amendment, which would be that after the word "House" in the first line we add the words "in the language in which they were sent," and that the French text be corrected to provide the same information.

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

Hon. Senators: Agreed.

Senator Molgat: Honourable senators, I therefore move:

> That there be laid before this House, in the language in which they were sent, copies of all articles, letters to the editor, comments, sent to all newspapers and magazines in Canada by Honourable Senator Lowell Murray, Government Leader in the Senate, since 3rd June 1987, showing the dates on which each of these were sent, and the names of the newspapers and magazines to which they were sent.

On motion of Senator Doody, debate adjourned.

The Senate adjourned during pleasure.

• (1540)

ROYAL ASSENT

The Honourable Antonio C. Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, The Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bills:

An Act to establish the Department of Forestry, to amend the Forestry Development and Research Act and to make related amendments to other Acts (*Bill C-29, Chapter 27, 1989*)

An Act to amend the Canada Elections Act (*Bill C-47, Chapter 28, 1989*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

• (1550)

The sitting of the Senate was resumed.

SEASON'S GREETINGS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should like to take this opportunity of wishing everyone on both sides of the house all the very best for the season and for the coming year. I wish to thank you all for the cooperation we have received—and for the cooperation that we had hoped to receive.

I should also like to thank all of the staff, both here in the chamber and in the rest of the building, for the wonderful service that they provide for us.

Hon. Senators: Hear, hear!

Senator Doody: Merry Christmas and Happy New Year to everyone.

The Hon. the Speaker *pro tempore:* Honourable senators, before we leave the chamber, I too would like to wish all honourable senators and members of the staff a very merry Christmas.

[*Translation*]

May 1990 be a year of peace, happiness and good health for everyone.

[*English*]

The Senate adjourned until Tuesday, January 23, 1990, at 2 p.m.

APPENDIX

(See p. 993)

SPECIAL COMMITTEE OF THE SENATE ON BILL C-21

APPENDICES TO SECOND REPORT

THURSDAY, December 21, 1989

The Special Committee of the Senate on Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Thursday, November 9, 1989, to study and report on the Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, respectfully requests that it be empowered to adjourn from place to place within Canada.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JACQUES HÉBERT
Chairman

APPENDIX (A) TO THE REPORT

SPECIAL COMMITTEE OF THE SENATE ON BILL C-21

APPLICATION FOR BUDGET AUTHORIZATION FOR THE FISCAL YEAR ENDING MARCH 31, 1990

ORDERS OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Thursday, November 9, 1989:

"The Honourable Senator MacEachen, P.C., for the Honourable Senator Frith moved, seconded by the Honourable Senator Petten:

That a special committee of the Senate be appointed to consider, after second reading, the Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act;

That nine Senators, to be designated at a later date, four of whom shall constitute a quorum, act as members of the special committee; and

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

The question being put on the motion, it was--
Resolved in the affirmative."

Extract from the *Minutes of Proceedings of the Senate*, Wednesday, November 29, 1989:

"The Honourable Senator Frith moved, seconded by the Honourable Senator Perrault, P.C.:

With leave of the Senate and notwithstanding Rule 45(1)(*e*),

That the Special Committee of the Senate on Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of Bill C-21.

The question being put on the motion, it was--
Resolved in the affirmative."

GORDON L. BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services (including salaries)	**$ 36,000**
Transportation and Communications	**20,438**
All Other Expenditures	**40,300**
TOTAL	**$96,738**

The budget was approved by the Committee on the 14th day of the month of December, 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Jacques Hébert
Chairman, Special Committee of the Senate on Bill C-21, An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act

Date: December 19 , 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal Economy, Budgets and Administration

Date: December 21, 1989

EXPLANATION OF COST ELEMENTS

PROFESSIONAL AND OTHER SERVICES (including salaries)

1.	**Counsel and Temporary Help Services (0407)**		
	a) Counsel (candidate to be selected later)	$10,000	
	b) Secretarial Services	8,000	
	c) Editor (for revision and editing of the English and translation, revision and editing of the french version of the report) (selection to follow)	5,000	
2.	**Public Information Communicator (047)**		
	Strategic Communications	10,000	
3.	**Meals (0415)**		
	Working lunches and dinners (5 lunches + dinners at $300 each)	1,500	
4.	**Honoraria (0405)**		
	For expert consultants appearing as witnesses: 3 experts at $500 per appearance	1,500	$36,000

TRANSPORTATION AND COMMUNICATIONS

1.	**Courier services (0212)**		$ 600	
2.	**Telephone Charges (0221)**			
	Telecommunications		300	
3.	**Telegrams, Cables, etc. (0225)**		200	
4.	**Travel Expenses (0201)**			
	Committee travel for 3 days 9 Senators 2 Clerks 2 Researchers 3 Interpreters 1 Messenger / Secretary 17 participants			
	a) Air Transportation: for 3 days for 17 people @ $804	13,668		
	b) Ground Transportation: 4 buses @ $100	400		
	c) Per diems: 3 days at $40 per day for 17 people	2,040		
	d) Hotel accommodation 2 nights @ $95/night for 17 people	3,230	19,338	$20,438

ALL OTHER EXPENDITURES

RENTALS (0500)		
Rentals of Office Machines and Equipment		
Rental of a telecopier	300	
INFORMATION / PRINTING		
Advertising (0319)		
1/8 page notice in newspapers nation-wide and minority-press publications	40,000	40,300
TOTAL		$96,738

APPENDIX (B) TO THE REPORT

THURSDAY, December 21, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Special Committee of the Senate on Bill C-21,

An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act, as authorized by the Senate on Thursday, November 9, 1989. The said budget is as follows:

Professional and Other Services *(including salaries)*	$ 36,000.00
Transportation and Communications	20,438.00
All Other Expenditures	40,300.00
TOTAL	$ 96,738.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman